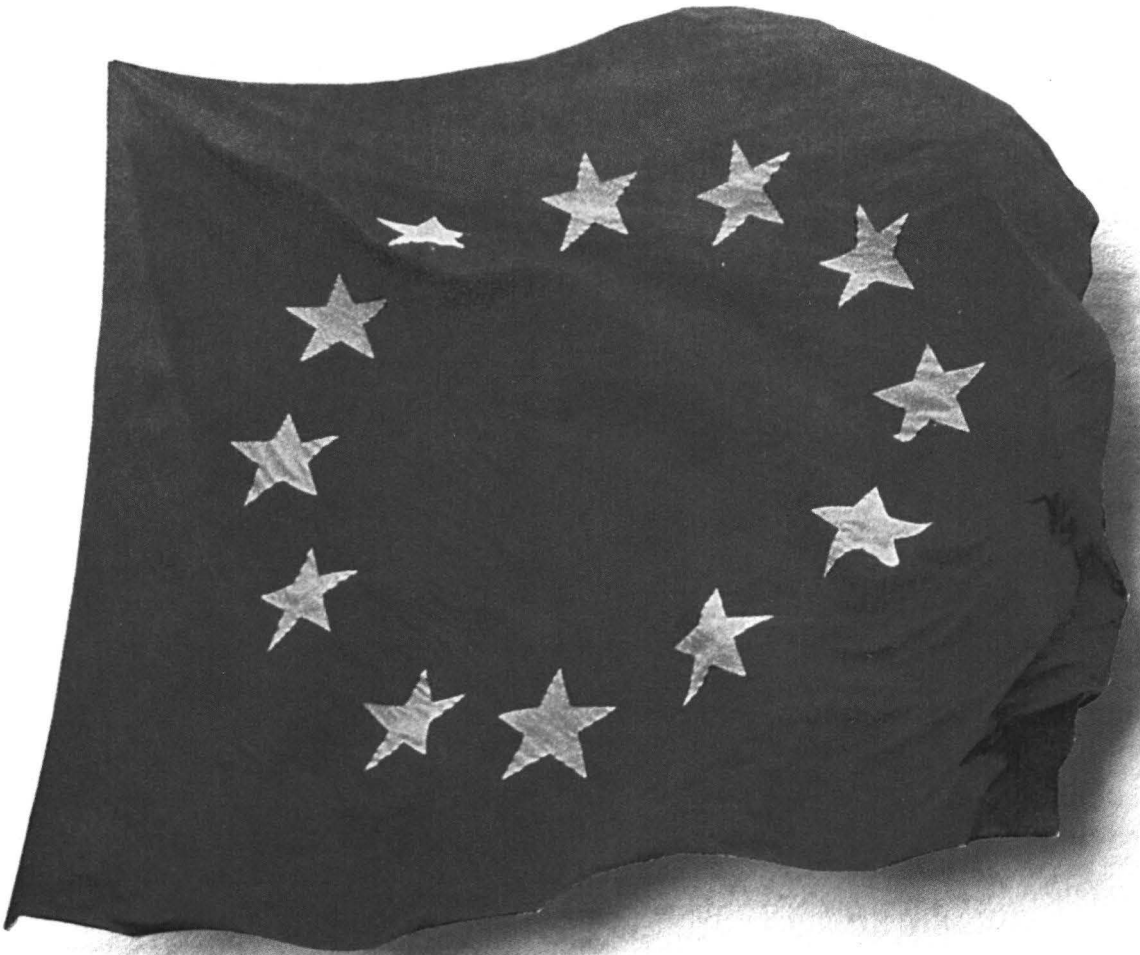


ISSN 0378-3693

Bulletin of the European Communities

Commission



No 10 1988 Volume 21

The Bulletin of the European Communities reports on the activities of the Commission and the other Community institutions. It is edited by the Secretariat-General of the Commission (rue de la Loi 200, B-1049 Brussels) and published eleven times a year (one issue covers July and August) in the official Community languages.

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The following reference system is used: the first digit indicates the part number, the second digit the chapter number and the subsequent digit or digits the point number. Citations should therefore read as follows: Bull. EC 1-1987, point 1.1.3 or 2.2.36.

Supplements to the Bulletin are published in a separate series at irregular intervals. They contain official Commission material (e.g. communications to the Council, programmes, reports and proposals).

Bulletin of the European Communities

Commission

ECSC — EEC — EAEC
Commission of the European Communities
Secretariat-General
Brussels

No 10 1988 Volume 21

Sent to press in March 1989

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New presentation of the Bulletin

Opinions and resolutions adopted by Parliament, the Court of Auditors, the Economic and Social Committee and the ECSC Consultative Committee are now reported in the appropriate policy section of the Bulletin.

Council business is no longer reported in a 'Council' paragraph in the relevant section: it is itemized in the 'Council' section of the 'Political and institutional matters' chapter and cross-referenced to the appropriate points in the policy sections.

Standardized abbreviations for the designation of certain monetary units in the different languages of the Community:

ECU	=	European currency unit
BFR	=	Belgische frank / Franc belge
DKR	=	Dansk krone
DM	=	Deutsche Mark
DR	=	Greek drachma
ESC	=	Escudo
FF	=	Franc français
HFL	=	Nederlandse gulden (Hollandse florijn)
IRL	=	Irish pound / punt
LFR	=	Franc luxembourgeois
LIT	=	Lira italiana
PTA	=	Peseta
UKL	=	Pound sterling
USD	=	United States dollar

contents

PART ONE **SPECIAL FEATURES**

- | | |
|--|----|
| 1. Preparing for 1992 — Annual Economic Report 1988-89 | 8 |
| 2. Europe a world partner: the external dimension of the single market | 10 |
| 3. Renewal of the ACP-EEC Convention — Opening of negotiations | 13 |
| 4. News in brief | 15 |

PART TWO **ACTIVITIES IN OCTOBER 1988**

- | | |
|---|----|
| 1. Building the Community | 18 |
| — Economic and monetary policy | 18 |
| — Internal market | 18 |
| — Enterprise | 20 |
| — Industrial strategy and services | 21 |
| — Research and technology | 22 |
| — Telecommunications, information technology and innovation | 25 |
| — Customs union and indirect taxation | 27 |
| — Competition | 28 |
| — Financial institutions and company law | 31 |
| — Employment, education and social policy | 32 |
| — Communication and culture | 35 |
| — Regional policy | 37 |
| — Coordination of structural instruments | 38 |
| — Environment and consumers | 39 |
| — Agriculture | 42 |
| — Fisheries | 52 |
| — Transport | 55 |
| — Energy | 58 |
| — Nuclear safety | 59 |

2. External relations	61
— New round of multilateral trade negotiations	61
— Commercial policy	62
— Relations with industrialized countries	64
— Relations with other countries and regions	65
• Mediterranean countries	65
• Countries of the Gulf and the Arabian Peninsula	66
• Asia	67
• Latin America	68
• State-trading countries	68
— Development	68
— International organizations and conferences	74
— Diplomatic relations	75
3. Financing Community activities	76
— Budgets	76
— Financial operations	79
4. Political and institutional matters	80
— European political cooperation	80
— Human rights and fundamental freedoms	81
— European policy and relations between the institutions	83
— Institutions and organs of the Communities	84
• Parliament	84
• Council	88
• Commission	89
• Court of Justice	90
• Economic and Social Committee	103
• ESCS Consultative Committee	104
• European Investment Bank	105
5. Statistics	108

PART THREE DOCUMENTATION

1. The ecu	110
2. Additional references in the Official Journal	112
3. Infringement procedures	113

Supplements 1988

- 1/88 Programme of the Commission for 1988
- 2/88 A people's Europe
- 3/88 Statute for the European company
- 4/88 The future of rural society
- *5/88 Disclosure requirements for branches
Single-member private limited companies
- *6/88 Public procurement in the excluded sectors

PART ONE

SPECIAL FEATURES

1. Preparing for 1992

Annual Economic Report 1988-89

1.1.1. On 19 October the Commission, acting in accordance with the Council Decision of 18 February 1974 on the attainment of a high degree of convergence of the economic policies of the Member States,¹ adopted the Annual Economic Report 1988-89, entitled 'Preparing for 1992'.² On the same day, the Report was presented to the Council, for approval after consultation of Parliament and the Economic and Social Committee.

The Report, which is more optimistic in tone than in previous years, updates the forecasts made in the last Report, approved by the Council on 22 December 1987.³ It emphasizes the healthy economic performance in the Community and the fact that, while inflation has not yet been completely defeated, it has been reduced to 1960s levels. The Report takes stock of economic developments and prospects, setting them in the wider context of the western world. However, it calls for vigilance in the face of the continuing threat to international monetary stability posed by balance-of-payments disequilibria.

Situation and outlook

1.1.2. Gross domestic product is expected to grow by 3.5% in 1988 and by 2.75% in 1989. The increase in investment in 1988 (7%) will be the highest for two decades, while inflation should return to the level of the 1960s (3.5%). The rate of unemployment is showing signs of decreasing but is still too high. According to the Report, the international framework for the conduct of monetary policy in the Community has changed significantly. Following the reduction in the US trade deficit and the rise in interest rates, the dollar has almost returned to its January 1987 level. However, international cooperation remains necessary to ensure monetary stability, as the reduction in balance-of-payments disequili-

bria is likely to be smaller in 1989 and the increase in the United States foreign debt seems set to continue. These continuing disequilibria still threaten the stability of the international monetary system. Furthermore, instead of improving, the situation in the developing countries is deteriorating to some extent as a result of the recent rise in interest rates.

Encouraging factors and matters for concern

1.1.3. The Report highlights three encouraging aspects of the current economic situation:

(i) The buoyancy of the economies of Spain, Portugal, Italy and the United Kingdom has spread to the other Community countries, where export and investment performance has strengthened. In France and Germany, for example, the growth rate should rise from 2% in 1987 to approximately 3% in 1988 and fall only a little short of 3% in 1989.

(ii) Growth is being increasingly led by investment. Many factors are contributing to this: greater profitability, a historically high level of capacity utilization, a favourable international environment and preparations by private firms for 1992.

(iii) The Community has achieved a degree of stability and convergence of inflation rates unequalled since the 1960s, but progress is still necessary, especially in Portugal and Greece.

Concern is expressed in the Report, however, about the threat of renewed inflation, the level of budget deficits in some countries, the worsening intra-Community disequilibria in external balances and an unemployment rate that still averages more than 11% of the labour force in the Community as a whole. As growth in the more buoyant

¹ OJ L 63, 5.3.1974.

² COM(88) 591 final.

³ OJ L 394, 31.12.1987; Bull. EC 12-1987, point 2.1.2.

economies is expected to slow down as a result of inflationary pressures and/or deteriorating external account positions, the Report suggests that economic policies in the other countries should do more to encourage domestic growth by strengthening supply and demand conditions.

Medium-term objectives

1.1.4. According to the Report, the Community's medium-term objectives should be to complete the internal market, to strengthen economic and social cohesion and to reduce unemployment. Completion of the large internal market needs to be accompanied by structural policies that will ensure greater competition, improve supply and demand conditions and also give due attention to its social dimension.

The potential benefits of the internal market will materialize only if a rigorous competition policy is applied to ensure that its effects are not nullified by State aids and subsidies and that the free movement of goods and services is not impeded by firms holding a dominant market position or by groups of firms acting in concert to restrict competition.

The Report points out that, according to some studies, notably the Cecchini report, the completion of the internal market will boost GDP and employment significantly and reduce inflation. Much depends, however, on the public authorities' reaction to the easing of macroeconomic constraints (notably the reduction in budget deficits), the improvement in external positions and the slowdown in inflation. The Report accordingly suggests that deficits should be reduced more quickly in those countries with difficult budgetary positions, while supply and demand conditions should be improved in the other countries by reducing the tax burden and increasing economically profitable public investment.

The doubling of the structural Funds and the increased use of appropriate financial instruments should, the Report says, enable the less-favoured countries and regions to

catch up fairly rapidly. However, such measures are not sufficient in themselves, since these countries will not be able to reap the full benefit unless they adopt policies to ensure that the funds are used as efficiently as possible and that investment increases as a proportion of GDP.

Bringing down unemployment remains the priority task for all Member States. New jobs are already being created at an exceptionally rapid rate, and this trend needs to be reinforced. In many countries there are signs of greater labour market flexibility, especially in the form of part-time work. The approach adopted by the Community in its cooperative growth strategy for more employment has lost nothing of its validity. At macroeconomic level, it will have a positive impact by further improving the profitability of job-creating investment provided that the rate of increase in wage costs remains reasonable and a favourable outlook for demand is established. This strategy will also have to aim to remove unnecessary administrative obstacles which impede job creation, to promote worker mobility where this helps to secure employment and to continue efforts to improve skills. If growth in the Community continues at a rate of 3.5% per year over the medium term, and if further progress is made in the area of labour market flexibility, the level of employment should increase by about 1.5% per year, which would in turn reduce unemployment by about one percentage point per year.

Consolidation of growth

1.1.5. The Report concludes by saying that the non-inflationary growth dynamic can be reinforced by greater market flexibility and appropriate macroeconomic policies. The recent interest-rate rises have strengthened the credibility of monetary authorities and should reduce inflationary expectations in the longer term. In the budgetary policies field, completion of the internal market requires discussions on the approximation of indirect taxes and the taxation of investment income to be con-

tinued so that rapid agreement can be reached. Medium-term objectives must include convergence of general government borrowing requirements, which are still excessive in some Member States, and the use of budgetary policy to strengthen the conditions of supply and demand.

The increasing interdependence of Member States also necessitates greater economic

policy coordination. There is a need to strengthen the consensus on the principal economic policy objectives: price stability and convergence of inflation rates; medium-term compatibility of payments balances; and, finally, the contribution of internal and external stability to the growth and employment objectives of the Community and its Member States.

2. Europe a world partner: the external dimension of the single market

1.2.1. On 19 October the Commission held a general discussion on the external dimension of the single market that is to be established by the end of 1992. This enabled the Commission to finalize its strategy for trade and external economic policy and made it plain that the Community, whose role as the world's leading trading power is bound to increase, will be seeking greater liberalization of international trade. Europe in 1992 will be 'partner Europe'.

This approach is directly in line with the conclusions of the Hanover European Council, according to which 'The internal market should not close in on itself. In conformity with the provisions of GATT, the Community should be open to third countries, and must negotiate with those countries where necessary to ensure access to their markets for Community exports'.¹

The attitude which the Commission itself will adopt in its work in the run-up to 1992 is based on a number of key principles and guidelines to be followed case by case in the specific areas identified so far.

I — The principles

1992 will benefit Community and non-Community firms alike

1.2.2. The single market will involve the elimination of internal Community frontiers. Among other things, it will entail the harmonization or mutual recognition of regulations, standards, tests and certification procedures; and the existence of a market of 320 million consumers will allow significant economies of scale. The Community economy will be given a major boost, which will have favourable repercussions worldwide.

1992 will not mean protectionism

1.2.3. As the world's biggest exporter, the Community is highly dependent on international trade. Its exports represent 10% of its gross national product, compared with 5% in the case of the United States. It therefore has a fundamental stake in an open international trading system.

¹ Bull. EC 6-1988, point 3.4.1.

The Community will meet its international obligations, both multilateral and bilateral

1.2.4. The Community will fulfil its multilateral commitments within GATT and the OECD and its bilateral commitments to countries or groups of countries, including the members of EFTA, the ACP group and Asean and the Mediterranean countries.

It will strengthen the multilateral system based on a balance of mutual advantage

1.2.5. The Community's aim is to strengthen the multilateral system in accordance with the two principles of balance of mutual advantage and reciprocity, which are internationally accepted principles of trade policy both in GATT and in the OECD.

1.2.6. In areas where there are not yet any multilateral arrangements, such as financial services and the public procurement sectors excluded from the rules (energy, water, telecommunications and transport),¹ the Community will endeavour to obtain greater liberalization of world trade through the negotiation of new international agreements taking advantage of the Uruguay Round.

It would be premature, however, to grant non-member countries automatic unilateral access to the benefits of the internal liberalization process in the sectors concerned. In order to secure a mutual balance of advantage in the spirit of the GATT, the Community may have to negotiate with its partners in order to obtain satisfactory access to their markets. The Commission considers that a case-by-case approach should be adopted in this respect and reserves the right to make access to the benefits of 1992 for non-member countries' firms conditional upon a guarantee of similar opportunities — or at least non-discriminatory opportunities — in those firms' own countries for Community businesses.

1.2.7. Underlying this approach, the concept of reciprocity envisaged by the Commission does not mean that all partners should make the same concessions, nor even that the Community will insist on concessions from all its partners. For example, it will not ask the developing countries to make concessions that are beyond their means. Nor does reciprocity mean that the Community will ask its partners to adopt legislation identical with its own, or seek sectoral reciprocity, requiring balanced trade in each sector; indeed, it has resisted the introduction of this concept into United States legislation.²

II — Specific aspects

External effects of the removal of physical frontiers

1.2.8. The establishment of the internal market will remove the remaining disparities in import and export arrangements. At present there are certain quantitative restrictions in Member States affecting mainly East European countries and Japan, as well as the national quotas under the textile agreements or the generalized preferences system. Completion of the single market, when it will no longer be possible to resort to Article 115 of the Treaty, means the removal of quantitative restrictions and the harmonization of rules for imports from non-Community countries.

It is possible, however, that in a number of sensitive sectors the Community will have to replace national measures by Community measures, in line with its international obligations and following discussions with its partners, though these measures would not result in a higher level of protection than exists at present.

¹ The Commission has presented proposals for these sectors to the Council (Bull. EC 6-1988, point 2.1.51).

² Bull. EC 7/8-1988, points 2.2.20 and 3.6.1 *et seq.*

Removal of technical barriers

1.2.9. Technical barriers to trade, such as standards and certification procedures, will be removed by means of harmonization or mutual recognition, following the Council resolution of May 1985 setting out a new approach to the harmonization of technical rules,¹ whereby any product which can be legally imported and put into free circulation in one Member State will normally be entitled to move freely throughout the Community.

1.2.10. As regards public procurement, a distinction should be drawn between those sectors covered by the GATT code and the others.² In the first case, completion of the internal market will mean that the European subsidiaries of foreign firms will have the same access to government contracts as European companies. Suppliers not established in the Community will still be subject to the GATT code, which requires the signatories to accord one another non-discriminatory reciprocal access. In the second case, the Community is prepared to negotiate access to the internal market with its partners in order to ensure a balance of advantage in those sectors which are to be opened up under the 1992 programme (water, transport, energy and telecommunications).

1.2.11. As regards the free movement of capital, the Directive adopted by the Council in June embodies the principle of *erga omnes* liberalization.³ However, the Community is still free to make access by non-Community operators conditional on reciprocity.

1.2.12. The completion of the internal market in services should put an end to the existing fragmentation of the Community market. As there are no multilateral rules in this field, Community action will mainly involve arranging access for firms from non-

member countries in return for opening-up of the market in those countries. Four sectors require particular attention: financial services, transport, telecommunications and information services.

1.2.13. In order to ensure that European firms are competitive on world markets, the completion of the internal market will be accompanied by a strengthening of competition policy, with particular reference to the following aspects:

- (i) restrictive agreements or abuses of a dominant position which have an effect in Community territory come under Articles 85 and 86 of the Treaty, whatever the origin of the firm or the place where the offending practice is engaged in, a principle recently confirmed by the Court of Justice in its 'Wood pulp' judgment (→ point 2.4.42);
- (ii) the scope of the proposal for a Community merger-control Regulation⁴ should reflect the worldwide turnover of the firms involved, eliminating any discrimination between Community and non-Community firms;
- (iii) the Commission will continue to keep a tight rein on State aids; it expects its GATT partners to observe similar disciplines, in order to avoid unfair subsidies and non-trade advantages.

1.2.14. In the preparation of Community rules on takeover bids, the possibility of including provision for obtaining comparable conditions for Community firms in the non-member country concerned will be considered in cases where a firm from a non-member country is the offeror.

¹ OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1 *et seq.*

² OJ L 345, 9.12.1987 (Council Decision concerning the conclusion of the Protocol amending the GATT Agreement on government procurement).

³ Bull. EC 6-1988, point 2.1.8.

⁴ OJ C 92, 31.10.1973; OJ C 36, 12.2.1982; OJ C 51, 23.2.1984; Bull. EC 11-1987, point 2.1.92; point 2.1.52 of this Bulletin.

3. Renewal of the ACP-EEC Convention

Opening of negotiations

1.3.1. With the third ACP-EEC Convention¹ — which was signed in Lomé on 8 December 1984² and entered into force on 1 May 1986³ — due to expire on 18 February 1990, negotiations for the renewal of the Convention were opened officially at a ministerial conference in Luxembourg on 12 and 13 October.

The atmosphere at the conference was very constructive, which augurs well for the negotiations themselves. The ACP countries, like the Community, reaffirmed their attachment to Lomé principles and methods. The three speakers, Mr Carl Greenidge, President of the ACP Council, Mr Theodoros Pangalos, President of the Council of the European Communities, and Mr Lorenzo Natali, Vice-President of the Commission, set the tone for the negotiations and brought the chief concerns of both parties to the fore. Although the opinions they expressed revealed differing pre-occupations, there was none the less a common approach of moderation and realism as regards the improvements that could be made to the Convention.

The conference decided to set up a central group to organize and coordinate work over the next 12 months of negotiations. It will be responsible for setting up specific negotiating groups as necessary to deal with the different topics. The next ministerial meeting will take place in Brazzaville, Congo, in February 1989.

Carl B. Greenidge,
President of the ACP Council

1.3.2. Mr Greenidge began by acknowledging the exemplary nature of the Lomé contract and its advantages for the ACP countries. However, he confessed to being disappointed at how limited the real impact of EEC-ACP cooperation was, noting in particular the 'globalization' of the Community's development policy and the resulting erosion of the ACP preferences, the per

capita reduction in EDF resources and delays in disbursement, the inadequacy of investment flows and the inability of Stabex to cope with transfer requests.

Emphasizing that trade was the centre-piece of the Lomé system, Mr Greenidge referred to the ACP countries' concern at developments in the Uruguay Round and the drive to complete the single market. The ACP countries intended to obtain both compensation for the ensuing losses and substantial improvements to the current trading system (removal of all tariff and non-tariff barriers for all products, relaxation of the origin rules, access for agricultural products and specific protocols).

As regards commodities, the emphasis placed by the ACP countries on diversification and investment promotion broadly coincides with the Community's approach. The ACP countries are also clearly in favour of dropping the principle of reimbursing Stabex transfers. Mr Greenidge remained silent on the ACP position on any specific proposals connected with the debt question, but was very open to Community proposals on support for structural adjustment, on three conditions: the volume of resources allocated for that purpose must be adequate; the funds must be administered under a separate programme; and it was out of the question for any other party — the IMF or the World Bank — to have a say in the use of those resources.

Theodoros Pangalos,
President of the Council
of the European Communities

1.3.3. In his speech, based mainly on the text of the negotiating directives agreed in the Council on 10 October,⁴ Mr Pangalos laid particular emphasis on the positive record of implementation of Lomé III, most of

¹ Bull. EC 11-1984, point 1.1.1 *et seq.*

² Bull. EC 12-1984, point 1.5.1 *et seq.*

³ OJ L 86, 31.3.1986; Bull. EC 4-1986, point 2.2.31.

⁴ Bull. EC 3-1988, point 2.2.44; Bull. EC 6-1988, points 2.2.51 and 2.2.52; Bull. EC 9-1988, point 2.2.35.

the objectives of which had been achieved, and the consequent need to adopt a selective approach to negotiation; the Community intended to try to consolidate the Lomé 'heritage' while being prepared to adapt the Convention to enable it to respond better to certain new ACP needs, in particular to support their structural adjustment policies. After taking note of the applications for accession submitted by Haiti and the Dominican Republic and leaving open the question of the duration of the new Convention, Mr Pangalos reviewed the different aspects of EEC-ACP cooperation and the proposals the Community intended to put forward during the negotiations for expanding the Convention to include new themes (population, environment, scientific and technical research and services), consolidating trade arrangements, reinforcing Stabex and simplifying Sysmin, increasing fast-disbursing aid to support ACP adjustment measures and strengthening the provisions concerning investment and the private sector.

**Lorenzo Natali,
Vice-President of the Commission**

1.3.4. Mr Natali stressed the political significance of the Lomé contract and the need

to express EEC-ACP solidarity in a new context coloured by the serious economic difficulties facing the ACP countries.

He affirmed that the Commission was prepared to break new ground, explaining the specific approach it had established for structural adjustment support, its desire to encourage more decentralization in cooperation and to see regional cooperation evolve towards real objectives of economic integration between ACP States.

However, Mr Natali made an appeal to the realism of the negotiators, warning them against systematically seeking in new texts the remedies to problems which were often of a practical nature or which went beyond the confines of EEC-ACP relations. This applied to the debt issue (which was not a good starting-point for the EEC-ACP negotiations), to trade (the real problem did not lie in the trade arrangements under the Convention but in the competitiveness of the ACP countries) and to commodities (Stabex and Sysmin alone could not resolve a lasting structural crisis).

4. News in brief

Internal market

Very positive results were achieved at the Council meeting (→ points 2.1.12, 2.1.13 and 2.1.19).

Enterprise

The Commission adopted a proposal for a directive on the legal protection of biotechnological inventions (→ point 2.1.17).

The Commission set up a pilot scheme to stimulate seed capital funds (→ point 2.1.20).

Employment, education and social policy

The Commission adopted a work programme to promote innovation in secondary education in the Community (→ point 2.1.78).

Environment/quality of life

The Community ratified the Vienna Convention for the Protection of the Ozone Layer (→ point 2.1.108).

The Commission proposed a Directive on freedom of information on the environment (→ point 2.1.119).

Agriculture

The Commission put forward proposals for Regulations to reform the common organization of the market in beef and veal (→ point 2.1.144) and in sheepmeat and goatmeat (→ point 2.1.145).

Transport

The Commission adopted a communication on air traffic system capacity problems (→ point 2.1.186).

Budget

The Commission sent the budgetary authority letter of amendment No 1/89 to the preliminary draft budget (→ point 2.3.1).

Relations between the institutions

For the first time Parliament rejected a common position adopted by the Council — concerning the proposal for a Directive on the protection of workers from the risks related to exposure to benzene at work (→ point 2.4.8).

PART TWO

**ACTIVITIES
IN OCTOBER
1988**

1. Building the Community

Economic and monetary policy

Economic situation

Annual Economic Report 1988-89

2.1.1. On 19 October the Commission approved, for transmission to the Council, Parliament and the Economic and Social Committee, the Annual Economic Report 1988-89, entitled 'Preparing for 1992' (→ point 1.1.1 *et seq.*).

Internal market

Completing the internal market

2.1.2. At its meeting on 19 October the Commission had a general discussion which enabled it to finalize its strategy as regards the external dimension of the single market (→ point 1.2.1 *et seq.*).

Implementing the White Paper

2.1.3. On 20 October the Commission sent the Council a proposal for a Directive aimed at approximating patent legislation in the Member States concerning the legal protection of biotechnological inventions (→ point 2.1.17).

Freedom of movement of persons and freedom to provide services

Tourism

2.1.4. On 18 October the Commission sent the Council a proposal for a Decision on an action programme for European Tourism Year (1990),¹ taking up a suggestion made by Parliament in its resolution of 22 January on the promotion of tourism in the Community.² The main objectives set out in the proposal are: to prepare for the

frontier-free internal market using tourism as an integrating force; to stress the economic importance of tourism and to promote intra-Community and international tourism in Europe.

2.1.5. On 26 October the Commission sent the Council a communication recommending that the Commission be authorized to participate on behalf of the Community in negotiations for a convention on tourism.³

The World Tourism Organization is currently preparing an international convention to facilitate travel and tourist stays which will be of major significance for the development of international tourism, especially as regards passports, visas, health checks, customs and foreign exchange. Since some of the provisions on these matters fall within the Community's sphere of responsibility and in certain cases — such as customs questions — are areas in which the Community has sole jurisdiction, it would seem clear that the Community as such should be a party to the convention.

Mutual recognition of diplomas and access to occupations

General system for the recognition of diplomas

2.1.6. On 26 October Parliament adopted a decision⁴ concerning the Council's common position⁵ on the proposal for a Directive on a general system for the recognition of higher-education diplomas awarded on completion of professional education and training of at least three years' duration.⁶ Parliament calls for three amendments: the

¹ OJ C 283, 17.11.1988; COM(88) 413 final.

² OJ C 49, 22.2.1988; Bull. EC 1-1988, point 2.4.13.

³ COM(88) 586 final.

⁴ OJ C 309, 5.12.1988.

⁵ Bull. EC 6-1988, point 1.3.1.

⁶ Supplement 8/85 — Bull. EC; OJ C 217, 28.8.1985; Bull. EC 7/8-1985, point 1.4.1 *et seq.*; OJ C 143, 10.6.1986; Bull. EC 5-1986, point 2.1.96.

first stresses the need for a broad definition of the concept of 'regulated professional activity': the second is intended to limit to legal professions in the strictest sense the exception to the principle of the migrant's right to choose between an aptitude test and an adaptation period; the third deletes a sentence that gave an unfortunate and incorrect impression as regards the availability of judicial remedy.

Doctors

2.1.7. At its meeting on 4 and 5 October the Advisory Committee on Medical Training adopted a report and recommendations on the training of doctors in the field of cancer. The report, which should be seen in the context of the Europe against cancer action programme,¹ makes recommendations regarding both basic training and specific training for general practitioners and specialists. In particular, it calls on Member States to step up training for these groups so as to fill the continuing gaps in this field.

Free movement of goods

Standardization, certification and testing

2.1.8. In connection with the proposals for Directives on machinery² and personal protective equipment,³ the Commission has given standardization remits on these subjects to the European Committee for Standardization and the European Committee for Electrotechnical Standardization. The eventual harmonized standards will be essential for the efficient operation of these Directives once they are adopted.

2.1.9. On 27 October the Economic and Social Committee adopted opinions endorsing the two proposals referred to above. In considering the Directive on the approximation of laws relating to machinery, the Committee noted that the Community's social policy would only bear fruit if the Commission allowed employers and trade

unions access to the information and consultation procedures and the funding necessary for the standardization process. On personal protective equipment, the Committee regretted that no provision had been made for penalties in cases where equipment placed on the market did not satisfy the safety requirements.

Removal of barriers to trade

Industrial products

2.1.10. On 14 October the Council reached agreement in principle on a common position concerning the proposal for a Directive relating to electromagnetic compatibility.⁴ On 4 October the Commission had sent the Council an amended version⁵ of this proposal incorporating amendments proposed by Parliament in its opinion (first reading).⁶

Foodstuffs

2.1.11. On 13 October Parliament approved at first reading⁷ the proposal for a Directive⁸ amending for the ninth time Directive 73/241/EEC relating to cocoa and chocolate products intended for human consumption.⁹

2.1.12. On 14 October the Council reached agreement regarding the substance of certain proposed amendments¹⁰ to Directive 79/693/EEC of 24 July 1979 relating to fruit jams, jellies and marmalades and chestnut puree.¹¹ The main purpose of these amendments is to entrust the Commission with the task of administering the existing

¹ OJ C 50, 26.2.1987; Bull. EC 12-1986, point 1.4.1 *et seq.*

² OJ C 29, 3.2.1988; Bull. EC 11-1987, point 2.1.21; OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.30.

³ OJ C 141, 30.5.1988; Bull. EC 4-1988, point 2.1.13.

⁴ OJ C 322, 2.12.1987; Bull. EC 11-1987, point 2.1.22.

⁵ OJ C 272, 21.10.1988; COM(88) 548 final.

⁶ OJ C 262, 10.10.1988; Bull. EC 9-1988, point 2.1.8.

⁷ OJ C 290, 14.11.1988.

⁸ OJ C 16, 21.1.1988; Bull. EC 12-1987, point 2.1.15.

⁹ OJ C 228, 16.8.1973.

¹⁰ OJ C 25, 3.2.1987; Bull. EC 11-1986, point 2.1.20.

¹¹ OJ L 205, 13.8.1979.

legislation, except in relation to additives, where the Council retains responsibility, and to make certain changes to Community rules in the light of the experience gained since their adoption.

2.1.13. The Council also reached substantive agreement on a common position relating to the Directive amending for the third time¹ Directive 75/726/EEC of 17 November 1975 concerning fruit juices and certain similar products.² As in the case of the products referred to above, the purpose of the amending Directive is to confer on the Commission responsibility for administering the legislation and to make a number of technical adjustments to it.

2.1.14. On 27 October the Economic and Social Committee endorsed the proposal for a Directive³ amending for the fifth time the 1974 Directive relating to emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs.⁴

Pharmaceuticals

2.1.15. On 13 October Parliament adopted a favourable opinion (first reading)⁵ on the four proposals⁶ extending the Directives on pharmaceuticals⁷ to cover medicinal products not previously included. The opinion did call for a number of, mostly technical, amendments.

Fertilizers

2.1.16. On 27 October the Commission sent the Council a proposal for a Directive on the approximation of the laws of the Member States in respect of the trace elements boron, cobalt, copper, iron, manganese, molybdenum and zinc contained in fertilizers.⁸ This proposal is designed to supplement Directive 76/116/EEC of 18 December 1975 relating to fertilizers,⁹ which provided for the subsequent harmonization of provisions concerning trace elements.

Enterprise

Improving the business environment

Intellectual property

Patents

2.1.17. On 20 October, as promised in the White Paper on the internal market,¹⁰ the Commission sent the Council a proposal for a Directive on the legal protection of biotechnological inventions.¹¹ The aim of this proposal is to clarify the extent and the level of protection in the national patent systems for inventions in the field of biotechnology by remedying the deficiencies identified in the 1983 Commission communication on biotechnology in the Community.¹² In particular, it seeks to correct the lack of certainty as to the law and the inadequacy of legal protection in the Community, thus eliminating the disadvantages suffered by European firms compared with their competitors in Japan and the United States, who benefit from legal protection in this field. The major areas addressed in the Directive are:

- (i) the patentability of living matter, including plants and animals;
- (ii) the scope of patent rights in patented living or self-replicable matter;
- (iii) the ability to deposit a sample of living material in connection with the patent law requirement of an enabling disclosure;

¹ OJ C 24, 31.1.1987; Bull. EC 12-1986, point 2.1.27; OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.40.

² OJ L 311, 1.12.1975.

³ OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.39.

⁴ OJ L 189, 12.7.1974.

⁵ OJ C 290, 14.11.1988.

⁶ OJ C 36, 8.2.1988; Bull. EC 12-1987, point 2.1.18.

⁷ OJ 22, 9.2.1965; OJ L 147, 9.6.1975.

⁸ OJ C 304, 29.11.1988; COM(88) 562 final.

⁹ OJ L 24, 30.1.1976.

¹⁰ Bull. EC 6-1985, point 1.3.1 *et ses.*

¹¹ COM(88) 496 final.

¹² Bull. EC 9-1983, point 2.1.25.

(iv) dependency licences in favour of holders of plant variety rights.

Trade marks

2.1.18. On 26 October Parliament approved at second reading¹ the Council's common position² on the proposal for a first Directive to approximate the laws of the Member States relating to trade marks.³

Public procurement

2.1.19. On 14 October the Council agreed in principle its common position on the proposal⁴ to amend Directive 71/305/EEC of 26 July 1971 concerning the coordination of procedures for the award of public works contracts.⁵ The proposal extends the scope of the Directive to include contracts for infrastructure works more than 50% subsidized direct from public funds which are awarded by specified entities. Public works concessions are to be subject to the rules of publication. The threshold above which contracts will be covered by the Directive has been set at ECU 5 million.

Services to promote business start-ups and expansion

2.1.20. On 19 October the Commission decided to set up a Community pilot scheme for the period 1989-94 to stimulate seed capital funds. These enable new or embryonic firms to develop a product prototype and/or a business strategy to a point where venture capital or more traditional sources of finance become available to them. It is widely recognized that current seed capital resources in the Community are inadequate, especially in the less-developed and declining regions. The objectives of this experimental scheme are:

(i) to support up to 24 seed funds or similar organizations in their early years by providing either interest-free advances or (in assisted regions, where the shortage of

risk capital is greatest) capital contributions;

(ii) to help improve the quality, and therefore the viability, of seed projects;

(iii) to create a Community-wide network of seed funds and managers, which will contribute to the dissemination of technical knowledge and skills.

Industrial strategy and services

Steel

The Community steel industry

Restructuring

2.1.21. On 19 October the Commission adopted a communication for transmission to the Council, for its assent, and to the ECSC Consultative Committee, setting out its intentions as regards the restructuring of the Italian steel industry (→ point 2.1.62).⁶

Market situation

2.1.22. The International Iron and Steel Institute forecasts that steel consumption in 1988 will total 478 million tonnes in the West and 782 million tonnes worldwide — a record. It expects a 5% drop in consumption in the industrialized countries in 1989 (United States and Japan: -7.5%; Community: -1.4%), and a 7% increase in the developing countries, resulting in an overall decline of 1% in world consumption.

¹ OJ C 309, 5.12.1988. See also Bull. EC 10-1983, point 2.1.29.

² Bull. EC 6-1988, point 2.1.47.

³ Supplement 5/80 — Bull. EC; OJ C 351, 31.12.1980; Bull. EC 11-1980, point 1.5.1 *et seq.*; OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.24.

⁴ Bull. EC 12-1986, point 2.1.35; Bull. EC 6-1988, point 2.1.50.

⁵ OJ L 185, 16.8.1971.

⁶ Bull. EC 6-1988, point 2.1.53.

Forward programme

2.1.23. The ECSC Consultative Committee was consulted under Articles 19 and 46 of the ECSC Treaty on the forward programme for steel for the fourth quarter of 1988, and gave its views on 4 October. The Committee shared the Commission's opinion of the state of the steel market but also drew attention to factors leading to a steady reduction in production and to continuing restructuring and rationalization of the industry. It asked the Commission to ensure that the competition rules were respected.

2.1.24. On the same day the Commission approved the forward programme¹ — the first to contain quantitative forecasts for individual product categories, in accordance with the Decision it adopted on 19 July.² The forecasts are equal to, or higher than, the outturn for the second quarter in the case of flat products and slightly lower in the case of long products. Steel demand and prices are expected to remain stable until early 1989.

Other industries

Construction

2.1.25. On 13 October Parliament adopted a resolution on the need for Community action in the construction industry,³ welcoming the Commission's proposal for a Directive on construction products⁴ and asking the Commission to draw up general guidelines to increase the homogeneity of the industry, encourage its development and strengthen its ability to compete abroad.

Research and technology

Community R&TD

Joint Research Centre

2.1.26. The common positions adopted by the Council in June⁵ were approved by

Parliament on 14 October,⁶ and on the same day the Council took formal decisions adopting specific research programmes (1988-91) to be implemented by the Joint Research Centre for the EEC and the ECSC and a supplementary research programme for Euratom.⁷

Coordination of national policies

2.1.27. At its meeting of 13 and 14 October in Brussels the Scientific and Technical Research Committee continued its examination of the proposal for the adoption of a pilot phase of a future Community programme of strategic research and technology in the field of aeronautics⁸ and delivered favourable opinions on the Commission's proposals for a programme on the dissemination and utilization of results from scientific and technological research (Value)⁹ and for a programme on strategic analysis, forecasting and assessment in the field of science and technology (Monitor).¹⁰

The Committee also endorsed the Commission's proposals for an R&TD programme in the field of non-nuclear energy¹¹ and for a new Brite-Euram programme in industrial manufacturing technologies and materials.¹²

The Committee had an initial exchange of views on the future environment and climatology programme and on the future biotechnology programme and took note of a preliminary study on the programme that

¹ OJ C 288, 12.11.1988.

² OJ L 212, 5.8.1988; Bull. EC 7/8-1988, point 2.1.11.

³ OJ C 290, 14.11.1988.

⁴ OJ C 93, 6.4.1987; Bull. EC 12-1986, point 2.1.22.

⁵ Bull. EC 6-1988, point 2.1.60.

⁶ OJ C 290, 14.11.1988.

⁷ OJ L 286, 20.10.1988. Commission proposals: OJ C 137, 27.5.1988; Bull. EC 10-1987, point 1.3.1 *et seq.*; Bull. EC 4-1988, point 2.1.37.

⁸ OJ C 266, 13.10.1988; Bull. EC 7/8-1988, point 2.1.18.

⁹ OJ C 184, 14.7.1988; Bull. EC 5-1988, point 2.1.45; Bull. EC 9-1988, point 2.1.18.

¹⁰ Bull. EC 7/8-1988, point 2.1.33.

¹¹ OJ C 221, 25.8.1988; Bull. EC 7/8-1988, point 2.1.31.

¹² OJ C 228, 3.9.1988; Bull. EC 7/8-1988, point 2.1.25.

is to take over from the current RACE programme.

International cooperation

Agreements with EFTA countries

2.1.28. On 11 October the Commission sent the Council a proposal for two decisions relating to the conclusion on behalf of the EEC and to the approval, with a view to the conclusion by the Commission on behalf of Euratom, of the scientific and technical framework agreement between the Communities and Iceland.¹

COST

2.1.29. On 24 and 25 October the Commission held a seminar in Brussels to examine the results of COST project 305 (Data system for the study of demand for interregional passenger transport). This provided data producers and users with an opportunity to exchange views on the steps that needed to be taken in order to obtain comparable data.

2.1.30. During a meeting at the European Centre for Medium-Range Weather Forecasting in Reading, UK, from 3 to 5 October, the COST Committee of Senior Officials took part in a round-table discussion on 4 October which was attended by the chairmen and officers of a number of COST management committees and technical committees, and by representatives of the Council's General Secretariat and of the Commission.

A number of issues with major implications for the future of COST projects were discussed in relation to the recently published report 'A review of COST cooperation since its beginnings'.²

These discussions revealed a clear consensus on the following points: there was no need for a fundamental reorganization of the way COST operates at present, the question of funding coordination in the current COST projects categories III and IV had to be

clarified and the idea of simplifying the existing mechanism by reducing the present four categories to two — namely COST projects that form an integral part of Community programmes and those which fall outside them — should be considered.

2.1.31. On 14 October Parliament approved³ the Commission's proposal for a Decision concerning the conclusion of a Community-COST Concertation Agreement on seven concerted-action projects in the field of the environment.⁴

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2.1.31a. On 14 October Parliament also adopted a resolution on the need for early information on technological and industrial developments in East and South-East Asia of relevance to the Community.³ This calls on the Commission to bring forward a proposal for Community action to stimulate and coordinate industry-oriented seminars, conferences and short university extension courses on Japanese methods and proposed two lines of approach. Parliament feels that the Commission should follow a policy similar to that of the Japanese Ministry of International Trade and Industry (MITI) in the field of research and small businesses and asks the Commission to report to it on the collaborative research projects being promoted by MITI and the Science and Technology Agency. It endorses the principle of technological cooperation and collaboration with Japan on the human frontier science programme. Lastly, Parliament emphasizes the need for firms and governments to make greater use of data banks and information services.

¹ OJ C 273, 22.10.1988; COM(88) 527 final.

² Bull. EC 4-1988, point 2.1.41.

³ OJ C 290, 14.11.1988.

⁴ OJ C 41, 13.2.1988; Bull. EC 1-1988, point 2.1.24.

Main areas of Community R&TD

Quality of life

Health

Research into the social aspects of coal

2.1.32. On 4 October the Commission decided to grant financial aid, under Article 55 of the ECSC Treaty, for 15 research projects under the fifth programme on the technical control of nuisances and pollution at the place of work and in the environment of steel works.

Radiation protection

2.1.33. Meeting in Brussels on 10 October, the Management and Coordination Advisory Committee on Radiation Protection approved Community funding of ECU 500 000 over a period of two years for the Ressac project as part of the post-Chernobyl measures which were included in the revised programme.¹ The Committee also approved funding amounting to ECU 900 000 for 11 new research projects and the continuation of certain contracts under the 1989-89 programme for the period 1990-91, involving an amount of ECU 2.6 million.

Biological resources

Agro-industrial technology

2.1.34. On 28 October, following Parliament's opinion,² the Commission amended³ its proposal for a Decision adopting a first multiannual programme (1988-93) of biotechnology-based agro-industrial research and technological development — Eclair (European collaborative linkage of agriculture and industry through research).⁴

Energy

Nuclear fusion energy

2.1.35. On 3 October, further to the Council's Decision of 8 February 1988,⁵ the Commission signed a cooperation agreement with Canada in the field of controlled nuclear fusion. This agreement involves Canada in the Community's contribution to the ITER project (International Thermonuclear Experimental Reactor) on which the Community, the United States, the Soviet Union and Japan are collaborating.

2.1.36. On 28 October the Commission adopted for transmittal to the Council a proposal for a Decision concerning the conclusion by the Commission of the cooperation agreement between the European Atomic Energy Community and Japan in the field of controlled thermonuclear fusion.⁶ This proposal is the culmination of the Commission's negotiations with Japan on the basis of guidelines adopted by the Council in June 1987.⁷

2.1.37. On 4 October the Wendelstein VII-AS experimental fusion facility at Garching in Germany was commissioned, producing its first plasma. This 'advanced stellarator' will be operated as part of the 1988-91 fusion programme.⁸

Marine resources

Marine science and technology

2.1.38. On 27 October the Commission approved a proposal concerning a research and technological development programme in the field of marine science and technology

¹ OJ L 16, 21.1.1988; Bull. EC 12-1987, point 2.1.62.

² OJ C 262, 10.10.1988; Bull. EC 9-1988, point 2.1.26.

³ COM(88) 602 final.

⁴ OJ C 62, 5.3.1988; Bull. EC 12-1987, point 2.1.58.

⁵ Bull. EC 2-1988, point 2.1.38; Bull. EC 9-1988, point 2.1.88.

⁶ COM(88) 603 final.

⁷ Bull. EC 6-1987, point 2.1.45.

⁸ OJ L 222, 12.8.1988; Bull. EC 7/8-1988, point 2.1.27.

(1989-92) (MAST).¹ The main aims of this programme are to contribute to the establishment of the scientific and technological basis needed for the exploration, exploitation, management and protection of European coastal and regional seas and at the same time to introduce a Community dimension into this activity.

The object of MAST is to help strengthen industrial competitiveness in the field of marine technologies, to provide the technological basis for the preparation of common norms, standards and design guidelines and to promote advanced training in this field. This programme, which is the first Community R&D programme specifically devoted to the marine environment, is also intended to create better conditions for European cooperation in international ocean research programmes. The technical content of the programme was adopted after consulting a broad spectrum of opinion in industry, government and the scientific community. It covers four main headings:

- (i) basic and applied marine science, relating especially to the investigation of the oceanographic and ecological characteristics of coastal and regional seas, with the accent on mathematical modelling techniques and the study of marine processes;
- (ii) coastal zone science and engineering, to advance knowledge of coastal processes and to improve the management of coastal resources and the design of coastal engineering works;
- (iii) marine technology, concentrating on the development of instruments and generic technologies necessary for the advancement of marine science;
- (iv) supporting initiatives, designed to promote more national use of facilities (research vessels, large-scale facilities, data centres) in the Member States, help with standardization and improve specialized training and technology transfer.

European scientific and technological cooperation

Researchers' Europe

2.1.39. On 27 October Parliament adopted an opinion (first reading)² on the proposal for a Decision concerning a stimulation plan for economic science (1989-92) (SPES).³ Parliament approved the proposal subject to certain amendments, and called on the Commission to amend the proposal accordingly and on the Council to incorporate the amendments when adopting its common position.

Telecommunications, information technology and innovation

Telecommunications

Coordinated introduction of ISDN

2.1.40. On 31 October the Commission adopted for transmittal to Parliament, the Council and the Economic and Social Committee a report⁴ on the implementation of Council recommendation 86/659/EEC of 22 December 1986 on the coordinated introduction of the integrated services digital network (ISDN) in the European Community.⁵ The report notes that technical and industrial factors have caused the time schedule set in the recommendation to slip significantly, despite considerable efforts by the Member States. Nevertheless, the network has already gained considerable credibility with all concerned in the Community, and 1988 was seen as a crucial year which would see the beginning of commercial operation and the launching of a pilot phase in many Member States. The Commission

¹ OJ C 298, 23.11.1988; COM(88) 587 final.

² OJ C 309, 5.12.1988.

³ OJ C 109, 26.4.1988; Bull. EC 3-1988, point 2.1.47.

⁴ COM(88) 589 final.

⁵ OJ L 382, 31.12.1986; Bull. EC 12-1986, point 2.1.77.

proposed a number of immediate measures to resolve the remaining problems.

International cooperation

2.1.41. On 27 October the Commission sent the Council a proposal for a Decision concerning joint action by the Member States on the proposals to revise the international telecommunications regulations at the World Administrative Telephone and Telegraph Conference to be held in Melbourne, Australia, from 28 November to 9 December.

Information technology

Esprit

2.1.42. Under the Esprit programme the Commission decided in October to grant a ECU 1 million subsidy to assist the operation of the body set up by the Managed Data Network System — which includes the PTT administrations — in order to launch a pilot on the international interconnection of the computer systems of research establishments and universities. The need for such an infrastructure was stressed at a meeting held as part of the Cosine (Cooperation for open systems interconnection networking in Europe) project, which comes under the intergovernmental Eureka programme and whose aim is to encourage the setting-up of communications networks linking European research institutes.

Combined use of IT and telecommunications in general applications

Tedis

2.1.43. On 11 October the Commission sent the Council a proposal¹ to amend the Decision of 5 October 1987 introducing a Community programme on the electronic interchange of trade data via communication networks (Tedis).² The purpose of the amendment was to enable firms in EFTA countries to participate and to

authorize the Commission to negotiate agreements with these countries in order to involve them in the programme.

AIM³

2.1.44. On 12 October Parliament took a decision⁴ on the Council's common position on the Commission's proposal for a Community action in the field of information technology and telecommunications applied to health care,⁵ calling for an amendment concerning the executive powers conferred on the Commission.

The Commission explained its position on the amendment in the re-examined proposal it sent to the Council on 25 October.⁶

Dissemination and utilization of research results

2.1.45. On 27 October the Economic and Social Committee delivered an opinion on the proposal for a Council Decision adopting a specific programme for the dissemination and utilization of results from scientific and technological research (1988-92).⁷ Noting that research funded by the Community accounts for only 2-3% of all the research done in the Member States, the Committee hoped that the Commission would go further than its stated aims and set concrete targets. The Commission should operate the programme in such a way as to give it real impact. In order to avoid building Europe at two different speeds, ways would have to be found of publicizing the aims and opportunities resulting from Community programmes in the less-developed regions, and the action to be taken in R&TD should directly benefit and strengthen

¹ OJ C 273, 22.10.1988; COM(88) 523 final.

² OJ L 285, 8.10.1987; Bull. EC 10-1987, point 2.1.45.

³ Advanced informatics in medicine.

⁴ OJ C 290, 14.11.1988. See also Bull. EC 7/8-1988, point 2.1.38.

⁵ OJ C 355, 31.12.1987; Bull. EC 6-1988, point 2.1.69; OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.84.

⁶ OJ C 299, 24.11.1988, COM(88) 588 final.

⁷ OJ C 184, 14.7.1988; Bull. EC 5-1988, point 2.1.45.

small firms. The Committee felt that Community funding should not generally be open-ended.

Innovation

Sprint¹

2.1.46. In October the Commission published a report on the utilization of results from government-funded research and development in each of the Member States.² The report contains a number of recommendations in the fields of innovation, dissemination of results, marketing, patents and intellectual property which are aimed at improving the utilization of results.

2.1.47. Five national research and development bodies have set up a new project, Eurotech, which is designed to increase the practical application of R&D results, in particular by improving the flow of new technologies in the Community. This project means that for the first time at Community level there will be cooperation between national R&D establishments and users.

2.1.48. In an effort to improve information on national technical standards, the Commission is developing the planned data base Icone.³ One of its aims is to establish links between 27 100 standards in the Member States of the Community, 5 700 standards in the EFTA countries and 111 000 international or European standards. Now that the first phase of this project has been completed following work by the European Committee on Standardization, a database is already accessible via the national standards organizations.

Customs union and indirect taxation

Customs union

Customs value

2.1.49. On 24 October the Commission adopted Regulation (EEC) No 3272/88⁴

amending Regulation (EEC) No 1496/80 of 11 June 1980 on the declaration of particulars relating to customs value and on documents to be furnished.⁵ The amendments mean that the Regulation will better suit the requirements of traders and customs administrations.

Indirect taxation

Tax reliefs

2.1.50. On 5 October the Commission amended⁶ to take account of Parliament's opinion⁷ its proposal for a Directive⁸ amending for the ninth time Directive 69/169/EEC of 28 May 1969 on the harmonization of provisions laid down by law, regulation or administrative action relating to exemption from turnover tax and excise duty on imports in international travel.⁹

2.1.51. On the same day the Commission amended¹⁰ to take account of Parliament's opinion¹¹ its proposal for a Directive¹² amending for the fifth time Directive 74/651/EEC on the tax reliefs to be allowed on the importation of goods in small consignments of a non-commercial character within the Community.¹³

¹ Strategic programme for innovation and technology transfer.

² *Publicly funded research and development in the European Community* (EUR 11528, Office for Official Publications of the European Communities).

³ Comparative index of national and European standards.

⁴ OJ L 291, 25.10.1988.

⁵ OJ L 154, 21.6.1980.

⁶ OJ C 272, 21.10.1988; COM(88) 540 final.

⁷ OJ C 235, 12.9.1988; Bull. EC 7/8-1988, point 2.1.51.

⁸ OJ C 102, 16.4.1988; Bull. EC 12-1987, point 2.1.93.

⁹ OJ L 133, 4.6.1969.

¹⁰ OJ C 272, 21.10.1988; COM(88) 539 final.

¹¹ OJ C 235, 12.9.1988; Bull. EC 7/8-1987, point 2.1.52.

¹² OJ C 5, 9.1.1988; Bull. EC 12-1987, point 2.1.94.

¹³ OJ L 354, 30.12.1974.

Competition

General rules applying to businesses

Merger control

2.1.52. On 26 October Parliament passed a resolution¹ approving, subject to the amendments it had made to it, the Commission's amended proposal for a Council Regulation on merger control.² It asked to be consulted again should the Council intend making substantial changes to the proposal.

Restrictive practices, mergers and dominant positions: specific cases

Permissible forms of cooperation

2.1.53. The Commission granted a number of exemptions under Article 85(3) of the EEC Treaty in the course of the month, details of which are given below.

Brown Boveri/NGK

2.1.54. On 11 October it approved a cooperation arrangement between the German electrical engineering company BBC Brown Boveri AG (now Asea Brown Boveri) and the Japanese technical precision ceramics manufacturer NGK Insulators Ltd.³ The cooperation relates to the development of sodium-sulphur high-performance batteries, intended primarily for use in electrically driven vehicles. The batteries are also intended for storing off-peak electricity for use during peak-load periods in national grid systems.

Under the arrangement a joint venture has been set up in Japan to develop the sodium-sulphur battery. The two partners' own research and development in the field of sodium-sulphur batteries is not affected and will be continued regardless of the activity of the joint venture. No production within

the joint venture is planned; on the contrary, each partner will set up its own mass-production facilities and market the product in competition with other battery manufacturers. The cooperation between ABB and NGK is aimed at developing a fundamental technological innovation, which can be done more quickly and cheaply on a collaborative basis. The protection granted to ABB—for a period of 10 years—from supplies by NGK and other licensees into its own allotted territory seems to be indispensable. If, after spending an exceptionally large amount on research and development, ABB were to be exposed to such competition, there would be much less likelihood of its recovering its costs.

Continental/Michelin

2.1.55. Again on 11 October the Commission gave the go-ahead to a cooperation agreement between Continental and Michelin concerning the development of a new run-flat tyre for motor cars which offers certain advantages over conventional wheel systems. Although cooperation between two firms as powerful as Continental and Michelin might restrict competition and affect trade within the meaning of Article 85(1), the Commission decided to exempt the agreement under Article 85(3). The new system is an obvious leap forward and could mark the beginning of a new generation of tyres. While the development of safer tyres is in the interests of the general public, even a large tyre manufacturer cannot on its own make any inroads into the motor industry with this type of system. What is more, competition will not be eliminated in respect of a substantial part of the relevant product market since Continental and Michelin will continue to compete with one another in the markets for both old and new types of tyre and with all other tyre manufacturers, who will receive licences on request. The Commission will ensure that they are offered on reasonable terms.

¹ OJ C 309, 5.12.1988.

² OJ C 130, 19.5.1988; Bull. EC 3-1988, point 2.1.59.

³ OJ L 301, 4.11.1988.

Delta Chemie/DDD

2.1.56. On 13 October the Commission exempted a know-how licensing agreement between a German company, Delta Chemie, and a United Kingdom company, DDD, for the manufacture and sale of several stain-removers and bleaching agents by DDD. The know-how relates to the manufacture and packaging of the products. The agreement confers on DDD the exclusive right to manufacture them in the licensed territory for 20 years. DDD also holds exclusive selling rights in the territory. On the Commission's insistence, the duration of the latter rights has been limited to 10 years.

The object of the agreement, the upshot of which is that no company other than DDD can manufacture or sell the products in the licensed territory on equal terms with DDD, is to restrain competition. The Commission considered, however, that conditions on the relevant market justified exempting the above restrictions under Article 85(3). They encourage DDD to make the investment necessary to exploit the know-how concerned within the licensed territory, thereby helping to increase the number of stain-remover and bleaching-agent production plants in the Community.

2.1.57. The Commission gave negative clearance (no grounds for action under Article 85(1)) in the following case:

Channel Tunnel

2.1.58. On 24 October the Commission issued clearance for a construction contract and a 'maître d'œuvre' (overall project management) contract for the building and commissioning of the Channel Tunnel.

Eurotunnel, the group awarding the contracts, is composed of Channel Tunnel Group Ltd and France Manche SA trading together as a partnership under English law and as a 'société en participation' under French law. Under the construction contract the tunnel is to be built and commissioned by a consortium of French and British engineering firms operating as

Transmanche Link. The 'maître d'œuvre' contract provides for various consultancy services to be provided by W.S. Atkins and Partners and Société d'études techniques et économiques SA. These firms have agreed to subcontract certain services to Sir William Halcrow and Partners and Tractebel Electrobél Engineering SA. The Commission takes the view that the agreements are not restrictive of competition and respect the principles embodied in its Notice concerning agreements, decisions and concerted practices in the field of cooperation between enterprises.¹

Distribution

2.1.59. On 28 October the Commission imposed a ECU 500 000 fine on the Danish Fur Breeders Association, which had been accused of infringing Articles 85 and 86 of the Treaty by Hudson's Bay and Annings Ltd, the principal auctioneers of furs in the United Kingdom. The Association, which is Europe's biggest fur auctioneer, via its selling branch Danish Fur Sales (DPA), obliged its members to sell their entire production through DPA. The Commission found the Association to be in breach of Article 85(1) in that it restricted its members' freedom of action and raised barriers to market entry by competitors, who were unable to obtain supplies. In determining the size of the fine the Commission took account of the Association's willingness to change its rules so as to make them compatible with Article 85 and of the fact that the Association is a cooperative owned by the fur breeders.

Mergers*Saar-Luxembourg/Ancofer Stahlhandel*

2.1.60. Also on 24 October the Commission authorized as satisfying the tests of Article 66(2) of the ECSC Treaty the acquisition by Saar-Luxembourg GmbH, Stuttgart, of 75% of the share capital of Ancofer Stahlhandel GmbH, Mülheim an

¹ OJ C 75, 29.7.1968; OJ C 84, 28.8.1968.

der Ruhr. Both companies are engaged in the distribution of ECSC steel products. Saar-Luxembourg is a subsidiary of the French steelmaker Usinor-Sacilor and sells the latter's products in Germany. The companies' joint share of the German steel distribution market, which is supplied by stockholders, will remain relatively small.

State aid

Industry schemes

Steel

2.1.61. On 24 October the Council gave its assent¹ to the extension for three years of the current steel aids code, which expires on 31 December.²

Italy

2.1.62. On 19 October the Commission decided to seek, under the procedure laid down in Article 95 of the ECSC Treaty, the Council's unanimous assent to a proposal to allow a maximum of LIT 7 670 billion (ECU 4.95 billion) in Italian government aid to be used to restructure the Italian public steel sector following the voluntary liquidation of Finsider earlier this year. Such aid is prohibited by Article 4(c) of the Treaty and does not qualify for exemption under the steel aids code. The Italian aid package must therefore be discussed in the Council so that the views of all Member States can be heard.

The Commission is favourably disposed to a restructuring of Italy's State-owned steel sector based on the proposal to transfer the viable and potentially viable parts of Finsider to a new company called Ilva. Helped by outside consultants, the Commission has measured both the financial and industrial viability prospects of Ilva against the standard viability yardsticks used in previous restructuring rounds. It will ensure that Ilva bears financial charges of at least 4.5% of turnover, a reasonable level compared with its competitors. The Italian plan

also provides for the closure of certain Finsider plants including the crude steelmaking facilities at Bagnoli and the sale of certain subsidiaries to the private sector, those which cannot be sold being closed.

The Commission has decided to monitor payment of the aid closely. The aid will be used mainly for financial restructuring, helping to cover most of Finsider's debt burden, but also to cover certain social costs and, to a limited extent, certain operating costs pending the assets sale.

State commercial monopolies

Portugal

Tabaqueira

2.1.63. Following Commission intervention, the Portuguese monopoly for the production of tobacco, Tabaqueira, has decided to liberalize the conditions of sale which prevented a large number of its Portuguese retailers from obtaining goods from other Community cigarette suppliers.

In September 1986 Tabaqueira introduced the requirement that wholesalers wishing to join its network had to purchase minimum quantities of cigarettes from it. The minimum levels were relatively high, and could thus greatly limit wholesalers' purchases from other suppliers.

Acting on a complaint, the Commission approached Tabaqueira, which responded immediately with an offer to modify its conditions of sale by greatly reducing the minimum purchase requirement.

Following notification of these changes, the complainants informed the Commission that the grounds of their complaint has been removed, whereupon the Commission decided to close the file.

¹ Bull. EC 9-1988, point 2.1.56.

² OJ L 340, 18.12.1985; Bull. EC 11-1985, point 2.1.15.

Public enterprises

Portugal

Preferential air fares

2.1.64. Portugal has fallen in with the requirements of the EEC Treaty in the way it implements its preferential air fare arrangements, previously reserved for certain Portuguese residents of the Azores and Madeira. Acting under the supervisory powers conferred on it by Article 90(3) of the Treaty, the Commission asked the Portuguese Government to put an end to this discrimination by the Portuguese national carrier TAP. In the course of its inquiries, the Commission learnt that the Portuguese Government has since enacted new measures extending the benefit of the lower fares to nationals of other Member States resident in the islands. The need for an Article 90(3) decision was thus removed.

The Commission has taken note of the undertaking twice given by the Portuguese Government that it will grant the same treatment as is enjoyed by Portuguese students to students from other Member States. Under the present rules, cheap tickets are available to students living in the Azores or Madeira and studying in mainland Portugal or in the other island group, or living in mainland Portugal and studying in either island group.

Financial institutions and company law

Financial institutions

Banks and other financial institutions

2.1.65. On 12 October Parliament adopted a decision¹ comprising four amendments to the Council's common position² on the proposal for a Directive on the obligations of branches established in a Member State by credit institutions having

their head offices outside that Member State regarding the publication of annual accounting documents.³

2.1.66. On 27 October the Economic and Social Committee unanimously adopted an opinion on the proposal for a Council Directive on a solvency ratio for credit institutions.⁴ The Committee hoped that the work of the Banking Advisory Committee would be published before a final decision was taken on the proposed ratio of 8%. It considered that the solvency ratio should also cover market risks, and asked the Commission to make proposals to that effect. The Committee hoped that the arrangements chosen by the Commission would coincide with those selected by the governors of the central banks to avoid Community banks being at a disadvantage compared with their competitors in other countries. It proposed changes to the basis for calculation of the ratios, to the conditions for checking them, to the weighting of risks and to the 'technical modifications' which the Commission might make to the Directive being prepared.

Stock exchanges and securities

2.1.67. On 4 October the Commission sent the Council an amendment⁵ to its proposal for a Directive coordinating regulations on insider trading.⁶ The amendment was to take account of some of the points made in the opinions delivered on 15 June 1988 by Parliament⁷ and on 17 December 1987 by the Economic and Social Committee.⁸

2.1.68. On 26 October Parliament approved on second reading⁹ the common

¹ OJ C 290, 14.11.1988.

² Bull. EC 6-1988, point 2.1.123.

³ OJ C 230, 11.9.1986; Bull. EC 7/8-1986, point 2.1.86; OJ C 148, 1.6.1988; Bull. EC 3-1988, point 2.1.91.

⁴ OJ C 135, 25.5.1988; Bull. EC 4-1988, points 1.2.1 to 1.2.4.

⁵ OJ C 277, 27.10.1988.

⁶ OJ C 153, 11.6.1987; Bull. EC 4-1987, point 2.1.65.

⁷ OJ C 187, 18.7.1988; Bull. EC 6-1988, point 2.1.125.

⁸ OJ C 35, 8.2.1988; Bull. EC 12-1987, point 2.4.34.

⁹ OJ C 309, 5.12.1988. First reading: OJ C 125, 11.5.1987; Bull. EC 4-1987, point 2.1.66.

position adopted by the Council on 23 August¹ concerning adoption of a Directive on information to be published when major holdings in the capital of a listed company are acquired or disposed of.²

Company law, company taxation and capital movements

Accounting standards

2.1.69. On 24 October the Commission sent the Council a proposal for a Directive³ to amend Directive 78/660/EEC of 25 July 1978 on annual accounts (the fourth company-law Directive)⁴ and Directive 83/349/EEC of 13 June 1983 on consolidated accounts (the seventh Directive)⁵ with respect to the exemptions for small and medium-sized companies and to the drawing up and publication of accounts in ecus.

European Company

2.1.70. On 14 October the Council held an initial discussion on the Commission's memorandum on a Statute for the European Company with particular reference to the three key points on which the Commission intends to base its new proposal: the optional nature of the Statute, its independence from national laws and the inclusion of a number of schemes for worker participation.

Employment, education and social policy

Employment

Employment and the labour market

Meeting of Directors-General for Employment and Directors of Employment Services

2.1.71. A meeting of Directors-General for Employment and Directors of Employment

Services was held in Brussels on 24 and 25 October,⁶ at which the Commission working paper on the social dimension of the internal market⁷ was the focus of discussions. Taking the view that the paper was a good basis for launching a more wide-ranging discussion, the participants emphasized that the fight against unemployment must remain the absolute priority of Community social policy. They approved the proposals put forward by Commission social policy. They approved the proposals put forward by Commission departments on an action programme to combat long-term unemployment, a programme put together in response to the conclusions reached on this subject by the Council on 1 December 1987.⁸

Dialogue with the two sides of industry

2.1.72. On 27 October⁹ Parliament adopted a resolution on the role of the two sides of industry in the Community. Parliament called on the Commission to follow up its initiatives in respect of the information and consultation of workers, especially by putting forward a proposal for a framework Directive based on Article 118a of the Treaty and by concluding its work on establishing a European Company Statute.¹⁰ In line with the conclusions of the Hanover European Council,¹¹ Parliament also asked the Commission to step up the dialogue with employers and workers initiated and developed under Article 118b of the Treaty and the conclusions of the Val Duchesse meeting on 12 November 1985¹²

¹ Bull. EC 7/8-1988, point 2.1.78.

² OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.83; OJ C 255, 25.9.1987; Bull. EC 9-1987, point 2.1.73.

³ OJ C 287, 11.11.1988; COM(88) 292 final.

⁴ OJ L 222, 14.8.1978.

⁵ OJ L 193, 18.7.1983.

⁶ Previous meeting: Bull. EC 4-1988, point 2.1.82.

⁷ Bull. EC 9-1988, point 1.1.1 *et seq.*

⁸ OJ C 335, 15.12.1987; Bull. EC 12-1987, point 2.1.139.

⁹ OJ C 309, 5.12.1988.

¹⁰ Bull. EC 6-1988, point 2.1.127; Supplement 3/88 — Bull. EC.

¹¹ Bull. EC 6-1988, point 3.4.1.

¹² Bull. EC 11-1985, point 2.5.15.

and to assess the repercussions of the Val Duchesse agreements on the new technologies. Finally, Parliament invited the Commission to draw up two Directives, one on the role of management and labour in the completion of the internal market and the other on the establishment of a body of minimum social provisions to give the two sides of industry a stable and joint basis for negotiation.

2.1.73. The Working Party on New Technologies and the Social Dialogue set up under the Val Duchesse arrangements resumed its discussions on 28 October¹ on questions related to adaptability of the labour market and began to draft a joint opinion.

Financial instruments

European Social Fund

2.1.74. On 27 October the Economic and Social Committee unanimously adopted an opinion on the proposal for a Council Regulation laying down provisions for implementing Regulation (EEC) No 2052/88 of 24 June as regards the European Social Fund (→ point 2.1.98).

Education and vocational training

2.1.75. On 27 October the Economic and Social Committee unanimously adopted an opinion on the Commission communication entitled 'Education in the Community. Medium-term prospects: 1988-92'.² The opinion welcomed the Commission's initiative, which took stock of current programmes and activities, specified the most pressing tasks and provided a stimulus for reflection on the vital aims of education and training. Backing the Commission's position on the role of education in reducing the regional and social inequalities arising from the spread of new technologies, the Committee voiced its regret, however, that the Commission did not refer to the need for all-round development of the personality to

enable individuals to respond to these new occupational challenges. Stressing the significance of all the operations aimed at increasing young people's awareness of the European dimension, the Committee expressed gratification at the attention given to the vital cooperation between schools and industry. It emphasized the importance of learning Community languages and fostering ecological awareness among young people and recommended that the Commission link up its medium-term prospects and its proposal for a Decision on preventing environmental damage by the implementation of educational and training measures.³ Finally, the Committee stressed the urgent need to find a solution to the question of mutual recognition of academic and vocational qualifications.

2.1.76. On 28 October Parliament adopted a resolution on the teaching of Community languages in the Community.⁴ Welcoming the Commission communication of 21 April,⁵ Parliament called on the Commission to bring forward, in line with the conclusions reached on 24 May by the Council and the Ministers of Education meeting within the Council,⁶ formal proposals that would procure qualitative and quantitative improvements in foreign-language teaching. Parliament asked that special attention be given to teacher training and the development of new teaching methods. Emphasizing the importance for the spread of multilingualism of the part played by radio and television authorities and publishers, as well as Community programmes promoting the mobility of young people, Parliament stressed the need to ensure continuing teaching of languages at all school levels and recalled the conclusions reached by the Council and the Ministers of Education on 4 June 1984⁷ aimed at encouraging the acquisition of a working

¹ Previous meeting: Bull. EC 4-1988, point 2.1.83.

² Bull. EC 5-1988, points 1.2.3 to 1.2.9.

³ OJ C 172, 1.7.1988; Bull. EC 4-1988, point 2.1.85.

⁴ OJ C 309, 5.12.1988.

⁵ Bull. EC 4-1988, point 2.1.88.

⁶ Bull. EC 5-1988, point 2.1.76.

⁷ Bull. EC 6-1984, points 2.1.41 and 2.1.53.

knowledge of two foreign languages before the end of statutory schooling.

Youth exchanges

2.1.77. The first meeting of the national officials in charge of implementing the YES for Europe action programme,¹ which the Commission initiated, reached agreement on a number of technical aspects that will make it possible to begin actual implementation on 1 January 1989.

Transition from school to working life

2.1.78. On 18 October the Commission sent the Council a communication on its work programme relating to promotion of innovation in secondary education in the Community.² This communication is a companion to the communication referred to above on medium-term prospects for cooperation in the field of education³ and the conclusions of the Council and the Ministers of Education meeting within the Council on 24 May⁴ on the second Community action programme (1982-87) regarding the transition of young people from school to working life.⁵ It defines a number of priorities, i.e. better preparation of teachers for their new responsibilities, the promotion of closer links between education and economic development, the need to combat poor performance at school, the need to strengthen the specific role of the school in the guidance process, the promotion of gender equality in education, and the need to strengthen the partnership between parents and secondary schools. To assist and strengthen Community cooperation, the Commission proposed the organization of a series of round-table discussions with those responsible in the Member States for planning and monitoring innovation in these fields and the establishment of a small task force to back up the endeavours of the Member States.

Living and working conditions and social protection

Equal opportunities for men and women

2.1.79. On 27 October the Economic and Social Committee adopted by 72 votes to 10, with five abstentions, an opinion on the proposal for a Directive on the burden of proof in the area of equal pay and equal treatment for men and women.⁶ The Committee endorsed the proposal, expressing gratification that it was prompted in part by its opinion of 24 April 1986⁷ on the medium-term Community programme on equal opportunities for women (1986-89).⁸ It called on the Commission to define more exactly in each specific case who is the complainant and who the respondent and took the view that the rebuttable presumption to be established by the complainant should be based on facts which gave grounds for supposing that direct or indirect discrimination had occurred. Stressing the relative novelty of this concept, the Committee welcomed the safeguarding of the discretionary powers of the court dealing with the case to protect confidential information. The Committee felt that it should be consulted on progress made on the implementation of the Directive.

Social security for migrant workers

2.1.80. On 18 October the Commission sent the Council a proposal⁹ for a Regulation to amend Regulation (EEC) No 1408/71 of 14 June 1971 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the

¹ OJ L 158, 25.6.1988; Bull. EC 6-1988, point 2.1.143.

² COM(88) 545 final.

³ Bull. EC 5-1988, point 1.2.3 to 1.2.9.

⁴ OJ C 177, 6.7.1988; Bull. EC 5-1988, point 2.1.76.

⁵ OJ C 193, 28.7.1982; Bull. EC 5-1982, point 2.1.35.

⁶ OJ C 176, 5.7.1988; Bull. EC 5-1988, point 2.1.83.

⁷ OJ C 189, 28.7.1986; Bull. EC 4-1986, point 2.4.49.

⁸ OJ C 356, 31.12.1985; Bull. EC 12-1985, point 2.1.106; Supplement 3/86 — Bull. EC.

⁹ OJ C 292, 16.11.1988; COM(88) 538 final.

Community¹ and Regulation (EEC) No 574/72 of 21 March 1972 laying down implementing procedures.² The purpose of this proposal is to take account of amendments to a number of national laws and to deal with situations not covered by the existing instruments or to change provisions which have proved inadequate.

Health and safety

Public health

2.1.81. On 13 October the Commission published a notice of invitation to tender³ concerning the setting-up of a European secretariat to support the implementation of the anti-smoking campaign which is part of the 'Europe against cancer' programme.⁴ On 29 October it published a notice of invitation for the preparation of tenders⁵ in connection with the Community programme on toxicology for health protection.⁶

Health and safety at work

2.1.82. On 12 October Parliament rejected at second reading⁷ the Council's common position⁸ on the proposal for a Directive on the protection of workers from the risks related to exposure to benzene at work,⁹ the fifth individual Directive under the framework Directive 80/1107/EEC of 27 November 1980.¹⁰ Parliament took this step because the numerous amendments it had reinstated¹¹ or adopted, which were all aimed at securing better protection for workers and giving them a say in decisions affecting them, had not been accepted (→ point 2.4.8).

2.1.83. Also on 12 October Parliament took a decision⁷ on the Council's common position¹² on the proposed amendment¹³ to the framework Directive 80/1107/EEC of 27 November 1980 on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work.¹⁴ It reinstated most of the amendments adopted at first reading¹⁵ which had

been turned down by the Council. These related to special protection for pregnant women, the duties of employers with regard to risk prevention and the provision of information and the penalties for non-compliance, the rights of workers' representatives and measures to encourage the setting-up of joint health and safety committees at work.

Health and safety (ECSC)

2.1.84. On 4 October the Commission decided, pursuant to Article 55 of the ECSC Treaty, to grant financial aid amounting to ECU 2 968 200 to 15 research projects under the programme on technical control of nuisances and pollution at the place of work and in the environment of steel works.¹⁶

2.1.85. On 19 October the Commission decided to grant ECU 2 149 200 in aid to promote 13 research projects under the fifth industrial hygiene in mines programme pursuant to Article 55.¹⁷

Communication and culture

Communication

Audiovisual policy and production

Nike Prizes

2.1.86. On 8 October Mr Carlo Ripa di Meana, Member of the Commission with

¹ OJ L 149, 5.7.1971.

² OJ L 74, 27.3.1972.

³ OJ C 266, 13.10.1988.

⁴ OJ C 50, 26.2.1987; Bull. EC 12-1986, point 1.4.1 *et seq.*; Bull. EC 5-1987, point 2.1.121.

⁵ OJ C 279, 29.10.1988.

⁶ OJ C 184, 23.7.1986; Bull. EC 5-1986, point 2.1.66.

⁷ OJ C 290, 14.11.1988.

⁸ Bull. EC 6-1988, point 2.1.130.

⁹ OJ C 349, 31.12.1985; Bull. EC 11-1985, point 2.1.88.

¹⁰ OJ L 327, 3.12.1980.

¹¹ OJ C 281, 19.10.1987; Bull. EC 9-1987, point 2.1.92.

¹² Bull. EC 6-1988, point 2.1.130.

¹³ OJ C 164, 2.7.1986; Bull. EC 6-1986, point 2.1.125.

¹⁴ OJ L 327, 3.12.1980.

¹⁵ OJ C 167, 27.6.1988; Bull. EC 5-1988, point 2.1.88.

¹⁶ OJ C 338, 31.12.1985.

¹⁷ OJ C 332, 8.12.1983; Bull. EC 11-1983, point 2.1.199.

special responsibility for culture, presented the Nike Prizes awarded to the television broadcasts — fiction or documentary — which best illustrate the role of women in modern society.¹ The Golden Nike went to *Women in black*, a film made by Andrew Willsmore for the BBC, the Silver Nike to *Tan dura es la vida*, directed by Annie Thonon and Anne Martynow of RTBF, and the Bronze Nike to *Mama I'm crying*, directed by Joyce Seroke and Betty Wolpert for ZDF.

Public awareness

Seville 1992 World Exhibition

2.1.87. On 14 October Parliament adopted a resolution on the celebration of the quincentenary of the discovery of America and the Seville 1992 World Exhibition.² In view of the importance of relations between the European Community and Latin America for historical, political, economic and cultural reasons, Parliament requested that a programme of action for the Community institutions be drawn up in connection with this celebration and set out the main features of this programme. It also called for the creation of a Community standing committee with observer status within the Latin American Conference organizing the celebration and asked the Member States to participate with the Community institutions at the Seville World Exhibition.

2.1.88. On the same day Parliament adopted another resolution in which it reaffirmed its conviction that the Channel Tunnel will have positive economic consequences and asked the semi-public company building it to name it the Winston Churchill-Jean Monnet Tunnel in honour of these two men who did so much for European integration.²

Culture

Conservation of the Community's heritage

2.1.89. On 28 October Parliament adopted a resolution on the conservation of

the Community's architectural and archaeological heritage³ in which it called on the Commission to propose an annual entry in the budget of an appropriation for the European Historical Monuments and Sites Fund,⁴ to earmark a proportion of the appropriations provided for under the integrated Mediterranean programmes for the financing of conservation work especially in the case of museums, and to allocate appropriations from various existing Community instruments to the conservation of architectural and archaeological monuments. Parliament would like specialist institutes and bodies, in particular universities, to provide local authorities with documentation, information and advice on the protection, conservation, restoration and rehabilitation of buildings. It also called on the Commission to increase the number of Community scholarships, to launch voluntary work camps and to do everything possible to ensure the conservation of the Community's heritage. Parliament called on the Council to reduce direct taxes on the owners of historic buildings and to examine the project for setting up a European information centre on the theft of works of art; it would also like to see the European Investment Bank extend loan facilities backed by interest subsidies to conservation work.

Statistics

2.1.90. On 7 October the Commission set up a committee of experts which has been given six months to produce a medium-term programme (1988-92) for compiling cultural statistics on priority sectors, top priority being given to books. The programme, in which the Council of Europe and Unesco are also involved, is designed to provide decision-makers and administrators in the cultural field with reliable and comparable statistics at European level.

¹ OJ C 305, 16.11.1987; Bull. EC 10-1987, point 2.4.11; Bull. EC 5-1988, point 2.1.95.

² OJ C 290, 14.11.1988.

³ OJ C 309, 5.12.1988.

⁴ OJ C 267, 11.10.1982; Bull. EC 9-1982, point 2.4.11.

Regional policy

ECU 28.071 million for the period 1988-92 for a national programme of Community interest implemented as part of the integrated Mediterranean programme for the Basilicata region, Italy.¹

Financial instruments

European Regional Development Fund

ERDF grants

*Projects**Programmes*

2.1.91. At the beginning of October the Commission approved an ERDF grant of

2.1.92. On 18 October the Commission approved the eighth allocation of grants for 1988 from the European Regional Development Fund (Table 1).

Table 1 — ERDF grants: eighth 1988 allocation

	Number of grant decision	Number of investment projects	Investment assisted (million ECU) ¹	Assistance granted (million ECU) ¹
Belgium	5	8	11.61	1.52
Denmark	—	—	—	—
Germany	—	—	—	—
Greece	—	—	—	—
Spain	61	138	198.20	89.43
France	9	19	26.09	12.26
Ireland	10	18	36.60	10.84
Italy	86	305	187.72	79.33
Luxembourg	—	—	—	—
Netherlands	—	—	—	—
Portugal	98	463	168.43	81.79
United Kingdom	28	54	39.62	13.78
Total	297	996	668.28	288.94

¹ Converted at October 1988 rates.

The total of ECU 288.94 million breaks down as follows:

ECU 20.67 million to help finance 52 projects in industry, craft industries or the service sector, which are expected to create 2 389 new jobs;

ECU 269.27 million to help finance 944 infrastructure projects.

Financing of studies

2.1.93. In October the Commission decided, in accordance with Article 24(1) of the ERDF Regulation, to grant financial

¹ OJ L 223, 13.8.1988; Bull. EC 7/8-1988, points 2.1.111 and 2.1.112.

assistance for four studies related to Fund operations:

ECU 220 000 for a feasibility study for a visitors' centre of major regional importance in the city of Durham (United Kingdom);

ECU 38 000 for a study to select sites for new industrial estates/business parks in the Dunfermline district (United Kingdom);

ECU 36 000 for a feasibility study on tourism in Newport (United Kingdom);

ECU 231 000 for the Huddersfield narrow canal Standedge tunnel structural suitability and tourism feasibility study (United Kingdom).

Aid for disaster victims

2.1.94. On 5 October the Commission decided to grant emergency aid to the families of the victims and those most badly affected by the torrential rain which hit Malaga and the province of Ciudad Real in Spain (ECU 400 000) and Nîmes in France (ECU 400 000).

2.1.95. On 19 October the Commission decided to provide emergency aid of ECU 300 000 for the families of the victims and those hardest hit by the earthquake which struck the area between the island of Zakynthos and the west coast of the Peloponnese in Greece.

2.1.96. On 13 October Parliament adopted two resolutions expressing its sympathy with the families of the flood victims in Nîmes (France) and the province of Ciudad Real (Spain).¹

Coordination of structural instruments

Reform of the structural Funds

2.1.97. At its 24 and 25 October meeting of Foreign Ministers the Council made an in-depth examination of all the proposals

for Regulations (coordinating Regulation and specific Regulations on the European Regional Development Fund, the European Social Fund and the EAGGF Guidance Section² to implement its comprehensive Regulation on the reform of the structural Funds.³

At a previous meeting of Ministers for Agriculture, on 17 and 18 October, the Council had taken note of a progress report on the subject and had discussed the proposal for a Regulation on the EAGGF Guidance Section.

2.1.98. On 27 October the Economic and Social Committee unanimously adopted four opinions on these proposals. The Committee welcomed the introduction of the principle of subsidiarity, assessments of effectiveness and efforts to ensure flexible implementation. It criticized the method of consulting the various economic and social interests, referring to an inadequate definition of 'partnership'; the setting-up of a committee for each of the Funds, instead of a single committee for all three; the lack of programme contracts, which had proved their worth in the integrated Mediterranean programmes; and the separate administration of finances. It urged that the EAGGF Guidance Section projects should be in conformity with the overall policy objectives of the common agricultural policy and that the Committee itself should be consulted on reports on ESF assistance operations.

Integrated Mediterranean programmes

2.1.99. On 5 October the Commission formally approved the IMP for Lazio (Italy), for which it signed the programme contract with the Italian authorities concerned on 7 October.⁴

¹ OJ C 290, 14.11.1988.

² OJ C 256, 3.10.1988; Bull. EC 7/8-1988, point 1.1.1 *et seq.*

³ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

⁴ OJ L 288, 21.10.1988. Draft approved: Bull. EC 5-1988, point 2.1.102.

2.1.100. On 12 October the Commission also formally approved the Italian IMPs for Sicily, Calabria, Campania and Apulia.¹

Integrated operations

2.1.101. On 4 October the Commission decided to make a contribution of ECU 133 000, equivalent to three quarters of the total cost, to a preparatory study for an integrated development operation to assist the Vale do Tejo (Portugal).

Environment and consumers

Environment

Prevention and reduction of pollution and nuisance

Protection of the aquatic environment

2.1.102. The ninth ministerial conference² on the protection of the Rhine against pollution was held in Bonn on 11 October. It confirmed, in particular, that implementation of the Rhine action programme was progressing satisfactorily and decided on certain minimum requirements for discharges from municipal sewage treatment works. Participants also spoke on subjects such as the thermal load on the Rhine, data transparency, the speeding-up of procedures for adopting decisions and chloride pollution (the relative importance of which compared with other problems was thought by some to have fallen).

2.1.103. From 26 to 28 October, following an unexpected bloom of algae (*chrysochromulina polyleptis*), the Commission organized a special workshop in Brussels to consider the dangers of algal blooms in the North Sea and any measures which could be taken to prevent them.

Air pollution

Emissions from motor vehicles

2.1.104. On 12 October the Commission decided to ask the Dutch Government to suspend its programme of tax incentives for purchasing less-polluting cars, and to vary the programme so that it creates little or no barrier to the free movement of goods.

2.1.105. The Commission decided on 19 October to send a reasoned opinion to the German Government regarding regional anti-smog regulations which ban driving when a given level of air pollution is reached, the sole exemptions being for vehicles which satisfy the American standards.

Air quality in indoor environments

2.1.106. On 12 October Parliament passed a resolution on the quality of air in indoor environments³ in which it reiterated its requests concerning bans on smoking⁴ and asked the Commission to present a proposal for a Directive on measures to combat the effects of air pollution inside buildings on human health.

Noise abatement

Motorcycle noise

2.1.107. On 14 October, acting on a proposal from the Commission,⁵ the Council adopted a Directive modifying Directive 78/1015/EEC of 23 November 1978 on the approximation of the laws of the Member States relating to the permissible sound level and exhaust system of motorcycles.⁶

¹ OJ L 292, 26.10.1988. Draft approved: Bull. EC 6-1988, point 2.1.160.

² Eighth conference: Bull. EC 10-1987, point 2.1.122.

³ OJ C 290, 14.11.1988.

⁴ OJ C 68, 14.3.1988; Bull. EC 2-1988, point 2.4.14.

⁵ OJ C 44, 17.2.1988; Bull. EC 1-1988, point 2.1.59.

⁶ OJ L 349, 13.12.1978; Bull. EC 11-1978, point 2.1.6.

Control of chemicals, industrial hazards and biotechnology

Chlorofluorocarbons

2.1.108. On 14 October, acting on a proposal from the Commission,¹ the Council adopted Decision 88/540/EEC² to enable the Community to ratify the Vienna Convention for the Protection of the Ozone Layer³ on 17 October and to ratify the Montreal Protocol on Substances which Deplete the Ozone Layer.⁴ It also adopted Regulation (EEC) No 3322/88 laying down common rules applicable to certain products which deplete the ozone layer, which implements the Montreal Protocol. Again on 14 October, the Council adopted a resolution on the need to adopt measures further reducing the use of chlorofluorocarbons and halons, which are regarded as being the major causes of depletion of the ozone layer.⁵

Major-accident hazards

2.1.109. On 12 October Parliament approved⁶ the proposal⁷ for a Directive amending for the second time Directive 82/501/EEC on the major-accident hazards of certain industrial activities,⁸ subject to amendments to the recitals.

Dangerous substances

2.1.110. At the 26 and 27 October session the Economic and Social Committee adopted, unanimously and without discussion, an opinion endorsing amendments to proposals for Directives on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations⁹ and to the classification, packaging and labelling of dangerous preparations.¹⁰

Waste disposal

2.1.111. On 17 October the Commission adopted a proposal¹¹ for a Council Direc-

tive on the disposal of polychlorinated biphenyls and polychlorinated terphenyls which would replace Directive 76/403/EEC of 6 April 1976¹² and aims to reduce the risks posed by these substances to human health and the environment, providing in particular for the controlled disposal of substances and equipment contaminated with them.

Protection and use of resources

Environment

Urban environment

2.1.112. On 12 October Parliament passed a resolution⁶ on the protection of pedestrians in which it adopted an eight-article 'European Charter of Pedestrians' Rights', and invited the Commission to establish a European Day for Pedestrians' Rights and called on the Member States to monitor carefully the application of legislation on the protection of pedestrians, particularly as regards pollution by vehicles.

Rural environment

2.1.113. The Commission took part in the eighth Council of Europe Conference of Ministers responsible for Regional Planning, which was held in Lausanne on 20 and 21 October. In particular, within the context of rational land use, the question was raised of incorporating environmental concerns into regional and agricultural policies.

¹ Bull. EC 2-1988, point 2.1.104.

² OJ L 297, 31.10.1988.

³ Bull. EC 3-1985, point 2.1.73.

⁴ Bull. EC 9-1987, point 2.1.114.

⁵ OJ C 285, 9.11.1988.

⁶ OJ C 290, 14.11.1988.

⁷ OJ C 119, 6.5.1988; Bull. EC 3-1988, point 2.1.124.

⁸ OJ C 230, 5.2.1982; Bull. EC 6-1982, point 2.1.92.

⁹ Bull. EC 10-1983, point 2.1.96.

¹⁰ OJ C 211, 22.8.1985; Bull. EC 7/8-1985, point 2.1.126; OJ C 41, 19.2.1987.

¹¹ COM(88) 559.

¹² OJ L 108, 26.4.1976.

Fauna and flora

2.1.114. On 17 October the Commission adopted Regulation (EEC) No 3188/88¹ amending Annex III (list of species) to Regulation (EEC) No 3626/82 of 3 December 1982 on the implementation in the Community of the Washington Convention on International Trade in Endangered Species of wild Fauna and Flora (Cites).²

2.1.115. At its 10 to 14 October part-session Parliament adopted three resolutions³ concerning:

(i) the application of Regulation No 3626/82:² the Commission was asked to keep up its efforts to become a full party to Cites, to see that the Convention is strictly applied by the Member States, and to urge Member States and countries with which the Community has cooperation agreements which are not yet parties to be Convention to accede to it;

(ii) implementation in the Community of the Berne Convention on the Conservation of European Wildlife and Natural Habitats⁴ and the Bonn Convention on the Conservation of Migratory Species of Wild Animals:⁵ Parliament called on the Commission and the Member States to draw up a Directive on the implementation of the Berne and Bonn Conventions, to set up a Community environment inspectorate, to encourage the reintroduction of species into their natural habitats and to draw up recommendations on hunting;

(iii) implementation of Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds:⁶ the House called on the Commission and Member States to strengthen the controls on the ground and the protection of natural habitats and of particular species, by taking appropriate measures and adapting the legislation.

2.1.116. The second conference of the Contracting Parties to the Bonn Convention on the Conservation of Migratory Species of Wild Animals, in which the Community participated as such, was held in Geneva from 10 to 14 October.⁷ The conference

decided to include in Annex II to the Convention (list of species) the Baltic and North Sea populations of six species of small cetaceans. It also discussed and adopted a number of resolutions on the conclusion of regional agreements. In this context, the Community announced its intention of promoting regional agreements on white storks and possibility also on western palaeoarctic waterfowl.

2.1.117. On 16 September Parliament adopted a written declaration inviting the Commission to draw up rules prohibiting the manufacture, sale and use of steel-jawed leghold traps in the Community.

Natural resources

Forests

2.1.118. On 13 October Parliament adopted a resolution³ on the organization and coordination of direct Community action to combat forest fires in the Mediterranean region, in which, in addition to emergency financial measures, it asked the Commission to consider setting up an international task force and to take the necessary steps to protect the Olympia area and Corsica.

Improving the quality of life

Awareness and training

2.1.119. On 31 October the Commission sent the Council a proposal for a Directive on freedom of information on the environment.⁸ The purpose of the proposed legislation is to guarantee Community citizens an automatic right of access to environmental information held by official national,

¹ OJ L 285, 19.10.1988.

² OJ L 384, 31.12.1982; Bull. EC 12-1982, point 2.1.105.

³ OJ C 290, 14.11.1988.

⁴ OJ L 38, 10.2.1982; Bull. EC 12-1981, point 2.1.91.

⁵ OJ L 210, 19.7.1982; Bull. EC 6-1982, point 2.1.96.

⁶ OJ L 103, 25.4.1979.

⁷ First conference: Bull. EC 10-1985, point 2.1.92.

⁸ COM(88) 484 final.

regional and local agencies, and to improve the circulation of information, in particular by publishing regular reports. It covers information on air, soil and water quality, the state of fauna, flora and natural areas and all public or private projects likely to affect the environment.

International cooperation

2.1.120. A meeting of environmental advisers was held in Geneva from 10 to 12 October to discuss the possible implications for the work of the Economic Commission for Europe of the report of the World Commission on Environment and Development known as the Brundtland Report.¹ In particular, participants identified areas (transport, alternative agricultural products, etc.) which could be considered within an ECE framework.

Consumers

Protection of economic and legal interests

2.1.121. On 13 October Parliament adopted a resolution on the need to fill the legal gap in the time-share market,² stressing the need for Community legislation on the matter, which concerns European consumers and users directly. Parliament called on the Commission to present a proposal for a Directive to harmonize national legislation, covering the following points in particular: the rights and obligations of time-share property owners, the general clauses in contracts, the organization of the time-share market and the rules governing the companies which promote and administer time-share ownership.

2.1.122. On 27 October the Economic and Social Committee adopted *nem. con.* with one abstention an opinion on the proposal for a Directive³ amending Council Directive 87/102/EEC of 29 December 1986 concerning consumer credit.⁴ While welcoming the Commission's desire to ensure as far

as possible that a single method is used for calculating the annual percentage rate of charge in the Member States, the Committee was concerned that nothing be done which would prejudice the protection enjoyed by consumers hitherto under national provisions. It also took the view that the consumer would not be able to make a real comparison until not only the method of calculation but also the definition of the factors taken into consideration had been made uniform. Finally, the Committee argued that the method of calculation should be as simple and readily understandable as possible.

Agriculture⁵

Continuing reform of the CAP

2.1.123. During its meeting on 17 and 18 October the Council held a general discussion on the Commission's amended proposal for a Regulation establishing a system of transitional aids to agricultural income⁶ and concluded that the matter still needed to be examined in detail.⁷

2.1.124. On 13 October Parliament approved the proposal, subject to a number of amendments.² The House stressed that the purpose of the aid was not to replace the prices policy and that it should be varied according to the relative wealth of the various regions. In addition, it called for farmers to be properly informed of their precise entitlement and for income aid to be granted to individual beneficiaries for a period 'of initially' five years (rather than a period 'not exceeding' five years) from the first income-aid payment.

¹ Bull. EC 5-1987, point 2.1.135.

² OJ C 290, 14.11.1988.

³ OJ C 155, 14.6.1988; Bull. EC 4-1988, point 2.1.125.

⁴ OJ L 42, 12.2.1987; Bull. EC 12-1986, point 2.1.205.

⁵ Agricultural research is dealt with under 'Research and technology'.

⁶ OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1 *et seq.*; OJ C 180, 9.7.1988; Bull. EC 5-1988, point 2.1.118.

⁷ Bull. EC 9-1988, point 2.1.94.

Market organizations

Cereals and rice

2.1.125. On 7 October the Commission adopted, in the context of the agreement between the Community and the United States,¹ Regulation (EEC) No 3106/88² extending the period of validity of licences³ issued pursuant to the special arrangements for imports of maize and sorghum into Spain.⁴

The same day it adopted Regulation (EEC) No 3108/88,² which set the amount of the reduction applicable under those special arrangements, thereby enabling the entire quantity of maize for 1988 to be imported.

2.1.126. On 21 October the Commission adopted Regulation (EEC) No 3252/88 on the import of cereals in grain form into Portugal.⁵ The purpose of this Regulation is to liberalize completely the cereals import trade in Portugal by replacing the arrangements laid down in Article 320 in the Act of Accession.

Pigmeat

2.1.127. The Council noted the Commission's report on the situation on the pigmeat market,⁶ which is used to fairly regular cyclical downturns in production and prices. The deterioration in the profitability of pig farming in the Community, which has been apparent for some time,⁷ has, however, become so serious that, even though pigmeat prices have begun to pick up significantly in recent months, it seemed appropriate to take stock of the situation.

After a period of favourable economic conditions, prices for pigmeat began to fall in 1986, and this downward trend continued without interruption until April 1988. The drop in feed costs was not enough to offset this trend and in April and May this year the price index reached its lowest level since January 1984. The effect of the crisis has been a reduction in the herd (down 0.7%

between April 1987 and April 1988) and a drop in the number of breeding sows (down 3.1% over the same period). The August census indicated further substantial reductions. In the light of this situation, the Commission introduced a number of private storage aid programmes⁸ and increased the rates of export refunds several times.⁹

However, the Commission sees the situation improving in coming years. The recent crisis was caused mainly by too great an increase in production as compared with the growth in demand. The rise in the cost of protein feed now seems to have come to a halt, and this summer's drought in the United States opens the prospect of additional opportunities for Community exporters.

Eggs and poultrymeat

2.1.128. On 19 October the Commission adopted Regulations (EEC) Nos 3216/88 and 3217/88 fixing the export refunds on poultrymeat and eggs.¹⁰ In view of the recent improvement in the world market situation and taking account of likely trends on Community markets, the Commission decided to reduce the refunds on exports to non-member countries for most of these products.

Fruit and vegetables

2.1.129. On 31 October the Commission sent the Council a report on nut production,¹¹ together with two proposals for

¹ OJ L 98, 10.4.1987; Bull. EC 1-1987, point 1.2.1 *et seq.*

² OJ L 277, 8.10.1988.

³ OJ L 294, 17.10.1987; Bull. EC 10-1987, point 2.1.140.

⁴ OJ L 170, 30.6.1987; Bull. EC 6-1987, point 2.1.167.

⁵ OJ L 289, 22.10.1988.

⁶ COM(88) 428 final.

⁷ Bull. EC 6-1988, point 2.1.202.

⁸ OJ L 32, 4.2.1988; OJ L 111, 30.4.1988.

⁹ OJ L 190, 21.7.1988.

¹⁰ OJ L 286, 20.10.1988.

¹¹ COM (88) 597 final.

Regulations, the first instituting specific measures for nuts and amending Council Regulation (EEC) No 1035/72 of 18 May 1972 on the common organization of the market in fruit and vegetables¹ and the second fixing the level of additional flat-rate aid for the formation of producers' organizations and the ceiling applied to aid for varietal conversion and marketing modernization in the nut-growing sector.

The main products involved are almonds, hazelnuts and walnuts, Community production of which amounts to over 660 000 tonnes, against world production of 2 million tonnes. In terms of value, this production accounts for ECU 750 million, or about 0.4% of the total value of farm production and about 7% of fruit and vegetable production. Nut production is not as competitive as it should be because of the inadequacy of production and marketing structures and the weakness of the producers' organizations. The Commission is therefore proposing the following measures:

- (i) aid for the formation of producers' organizations;
- (ii) aid for the creation by the producers' organizations of a revolving fund for storage and for the improvement of product quality and uniformity;
- (iii) aid for varietal and cultural improvement and marketing modernization, through a plan to be drawn up by the producers' organizations;
- (iv) participation in a promotion scheme organized by nut growers and traders.

Market situation²

2.1.130. Statistics currently available on the production of certain fruit and vegetables give an initial indication, as set out in Table 2, of the changes which have occurred in the various market parameters during the 1988/89 marketing year compared with the previous year.

Table 2 — *Production 1988/89 (as against 1987/88)*

Products	1988/89 (thousand tonnes)	% change on 1987/88
Tomatoes		
EUR 10	7 673	- 6
EUR 12	11 048	- 1
Apples		
EUR 10	7 259	+ 12
EUR 12	8 162	+ 9
Peaches		
EUR 10	2 033	- 3
EUR 12	2 676	+ 0.5
Nectarines		
EUR 10	522	+ 11
EUR 12	592	+ 10
Pears		
EUR 10	1 904	- 5
EUR 12	2 413	- 5
Citrus fruit	NA ¹	NA ¹

¹ Not available.

2.1.131. It is not possible at this stage of the marketing year to make any meaningful analysis of intervention measures in respect of products subject to basic and buying-in prices. Given the forecast level of the apple harvest, preventive withdrawal arrangements for a quantity of 357 200 tonnes broken down between the Member States were introduced with effect from 24 September.³

As regards the application of reference prices in 1988/89, the number of countervailing charges is considerable and the products covered by such charges come from a wider range of countries.

¹ O J L 118, 20.5.1972.

² Bull. EC 3-1988, point 2.1.43; Bull. EC 11-1987, point 2.1.197, *et seq.*

³ O J L 264, 24.9.1988; Bull. EC 9-1988, point 2.1.99.

2.1.132. The figures on trade are as follows:

(a) *External trade*

Fruit. Fresh fruit imports into the Community of 12 in 1987 were 5.3% up on the previous year at 2.7 million tonnes. Citrus fruit imports, which made up 56% of the total, were stable (up 0.6%). This stability resulted from increased imports of 'small fruit', while imports of oranges dropped by 2.4% and lemons by 18.6%. At 543 000 tonnes, apple imports, which accounted for 20% of total imports, were 10.6% up on 1986 and 22% up on 1984, an average growth rate of 10.6% each year from 1980 to 1987.

Total exports in 1987 amounted to 1.5 million tonnes (up 1% on 1986). However, the situation of the various products differed considerably: exports of citrus fruits were 16% down on the very high 1986 figures, while exports of other fruits were up 27.2%. The drop in citrus fruit exports was the result of low production.

Vegetables. 1987 was a year of major growth in the Community's foreign trade in vegetables. Imports reached 730 000 tonnes (up 12.3% on 1986) and exports 593 000 tonnes (up 18.8%). Tomatoes alone accounted for 37.5% of imports and 15% of exports.

(b) *Intra-Community trade*

Fruit. Intra-Community trade in 1987 amounted to 6 million tonnes (with citrus fruit accounting for 40% of the total) and was up on the previous year (+ 8% for citrus fruit and + 15.8% for other fruits). Apples (1.3 million tonnes) and oranges (1.2 million tonnes) were the main products traded.

Vegetables. There was little change on the 1986 figures (up 1.25% to 4.1 million tonnes). Tomatoes were still the main commodity.

Wine

2.1.133. On 4 October the Commission adopted Regulation (EEC) No 3060/88

introducing an exception applicable in Spain to 1987/88 wine year distillation operations.¹ This Regulation extends by two weeks the time limit for the distillation of wine sent in for Community distillation operations opened in 1987,² with the aim of facilitating the changeover from the arrangements that applied in Spain at the time of accession to the Community arrangements and of meeting a number of difficulties in applying the measures that had arisen because distilleries had reached saturation point.

2.1.134. On 7 October the Commission adopted Regulation (EEC) No 3105/88³ laying down detailed rules for the application of compulsory distillation as provided for in Articles 35 and 36 of Council Regulation (EEC) No 822/87 of 16 March 1987 on the common organization of the market in wine.⁴ This Regulation reproduces in a permanent form the various detailed rules for the application of compulsory distillation of wine from dual-classification grapes and of the by-products of wine-making, which were previously renewed for each wine year.

2.1.135. On 11 October the Commission adopted Regulation (EEC) No 3127/88⁵ amending Commission Regulation (EEC) No 2723/88 implementing additional measures applicable to holders of long-term storage contracts for table wine for the 1987/88 wine year.⁶ The Commission stipulated that, in order to avoid any ambiguity about the agricultural conversion rate that should apply for the conversion into national currency of the amounts applicable to the special price support guarantee measures opened with effect from 16 September,⁷ the rate to be applied should be that in force

¹ OJ L 273, 5.10.1988.

² OJ L 213, 4.8.1987; OJ L 242, 26.8.1987; Bull. EC 7/8-1987, point 2.1.211; OJ L 378, 31.12.1987; Bull. EC 12-1987, point 2.1.214.

³ OJ L 277, 8.10.1988.

⁴ OJ L 84, 27.3.1987; Bull. EC 3-1987, point 2.1.167.

⁵ OJ L 279, 12.10.1988.

⁶ OJ L 241, 1.9.1988.

⁷ OJ C 49, 22.2.1988; Bull. EC 1-1988, point 2.4.13.

on 31 August 1988. This was the rate that applied on the last day of the 1987/88 wine year, the year during which the wine covered by the intervention measure in question was produced.

2.1.136. On 27 October the Economic and Social Committee adopted *nem. con.* with two abstentions an own-initiative opinion on the demarcation of wine-growing zones in the Community, in which it stressed the importance of the future classification of Community wine-growing zones in order to pave the way for the development of a policy on the siting of Community vineyards which, taking into account the climatic features of the various zones, would result in natural, high-quality products and a wine-growing potential which is in balance.

Milk and milk products

2.1.137. On 17 October the Council, acting on a Commission proposal¹ endorsed by Parliament,² adopted Regulation (EEC) No 3206/88³ amending Regulation (EEC) No 1307/85 authorizing the Member States to grant a consumption aid for butter.⁴ At a time when butter supplies remain in surplus, the purpose of this Regulation is to prevent a drop in butter consumption following an abrupt rise in its price by extending the consumption aid arrangements to the 1988/89 milk year.

2.1.138. The Council held a detailed discussion on the five proposals for Regulations on the adjustment of the milk quota arrangements ('SLOM') and related measures,⁵ concentrating on the main questions arising, in particular as regards the general approach to be followed, the organization of the system, the criteria for allocating a reference quantity and the financing of the measures.

2.1.139. On 27 October the Economic and Social Committee unanimously adopted an opinion on these instruments in which, while noting the grounds for the Commission's proposals, it called in question the proposed 2% reduction in the intervention

price for butter from 1 October 1988 as a means of offsetting the 500 000 tonne increase in the Community reserve. The Committee drew the Commission's attention to the administrative and legal implications of its stipulation that 'SLOM' producers must have applied, unsuccessfully, to the competent authorities in their Member States for a reference quota between 31 March 1984 and 31 July 1988.

2.1.140. The Council noted the Commission's report on the functioning of the arrangements relating to the import of New Zealand butter into the United Kingdom on special terms⁶ and the proposal for a Regulation on the continued import of such butter.⁷

The Commission's conclusions were as follows: in the period from 1989 to 1992, the Community and world market for dairy products could differ significantly from the current situation. World market prices in particular are increasing and Community supplies are going to decrease further. Price increases on the world market for dairy products — all other things being equal — lead to a reduction in Community export refunds. An increase in world market prices increases directly the returns to New Zealand traders, manufacturers and producers. Consequently, incomes must rise and possibly also milk production.

Butter consumption in the United Kingdom has fallen by over 20% in the past two years and is expected to fall by a further 13% in 1988. The Member States' share of UK butter imports fell by 24% in the 1985-87 period. The Community's production control restrictions have led to price increases on the internal market and substantial increases on the world market for dairy products. They have also led to significant decreases in butter production.

¹ OJ C 214, 16.8.1988.

² OJ C 290, 14.11.1988.

³ OJ L 286, 20.10.1988.

⁴ OJ L 137, 27.5.1985; Bull. EC 5-1985, point 2.1.83.

⁵ OJ C 265, 12.10.1988; Bull. EC 9-1988, point 2.1.102.

⁶ COM(88) 600 final.

⁷ OJ L 203, 26.7.1986; Bull. EC 7/8-1986, point 2.1.140.

The Commission is therefore proposing that access continue to be provided for New Zealand butter to the UK market for the next four years but at a reduced level. The largest reduction would take place in the first year. The specific proposal is that the quantities be established as follows:

1989	64 500 tonnes
1990	61 340 tonnes
1991	58 170 tonnes
1992	55 000 tonnes.

In view of the reduction in the quantities to be imported, the Commission is also proposing that the special levy be reduced to 15% of the Community intervention price for butter from 1 January 1989.

2.1.141. On 5 and 28 October respectively the Commission adopted Regulations (EEC) Nos 3086/88¹ and 3067/88² adapting the detailed rules for the application of the additional levy in order to:

(i) put all producers (whether subject to formula A or formula B) on an equal footing as regards the account taken of the fat content of the milk delivered;

(ii) regularize for the first three periods of application the situation in which the 12-month period was replaced by a period of 52 weeks for the purposes of collecting the levy;

(iii) extend by three months the time limit for the collection of the levy for the fourth period of application, which comes to an end on 30 November 1988.

2.1.142. On 28 October the Commission, pursuant to Council Regulation (EEC) No 1898/87 of 2 July 1987 on the protection of designations used in the marketing of milk and milk products,³ adopted Decision 88/566/EEC,⁴ which gives a Community list of the products that may be described using dairy terminology although they are not milk or milk products. This list includes products the exact nature of which is known because of traditional use and those where the designations are clearly used to describe a characteristic quality of the product.

Beef/veal

2.1.143. On 17 October the Council adopted Regulation (EEC) No 3210/88 opening for 1988 a special unilateral import quota for fresh, chilled or frozen high-quality beef and veal falling within CN codes 0201 and 0202 and for products falling within CN codes 0206 10 95 and 0206 29 91, which sets a customs duty of 20% for a total volume of 2 000 tonnes.⁵

2.1.144. The Council took note of the proposals⁶ to reform the beef/veal arrangements by amending:

(i) Council Regulation (EEC) No 805/68 of 27 June 1968 on the common organization of the market in beef and veal⁷ and repealing Council Regulation (EEC) No 1302/73 of 15 May 1973 laying down general rules for intervention on the beef/veal market;⁸

(ii) Council Regulation (EEC) No 1357/80 of 5 June 1980 introducing a system of premiums for maintaining suckler cows⁹ and repealing Council Regulation (EEC) No 1199/82 of 18 May 1982 on the granting of such a premium in Greece, Ireland and Northern Ireland;¹⁰

(iii) Council Regulation (EEC) No 468/87 of 10 February 1987 laying down general rules applying to the special premium for beef producers.¹¹

The proposed measures should be implemented from 1 January 1989 onwards, from which date the current tideover arrangements¹² cease to apply. The aim is to cut back buying-in and make intervention more effective and to strengthen existing

¹ OJ L 275, 7.10.1988.

² OJ L 296, 29.10.1988.

³ OJ L 182, 3.7.1987; Bull. EC 6-1987, point 2.1.155.

⁴ OJ L 310, 16.11.1988.

⁵ OJ L 286, 20.10.1988.

⁶ OJ C 300, 25.11.1988; COM(88) 529 final.

⁷ OJ L 148, 28.6.1968.

⁸ OJ L 132, 19.5.1973.

⁹ OJ L 140, 28.6.1980; Bull. EC 6-1980, point 2.1.94.

¹⁰ OJ L 140, 20.5.1982; Bull. EC 5-1982, point 2.1.85.

¹¹ OJ L 48, 17.2.1987; Bull. EC 2-1987, point 2.1.116.

¹² Bull. EC 12-1986, points 2.1.219 to 2.1.221.

Community aid measures where the aid is paid direct to farmers.

As regards intervention, it is proposed that no more than 200 000 tonnes of beef per year may be bought in through a tendering procedure when market prices make it necessary, namely where the average Community price for a given category is below 88% of the intervention price or where the average price in the relevant Member State is below 84% of the intervention price.

Sheepmeat/goatmeat

2.1.145. The Council examined the proposal for a Regulation on the common organization of the market in sheepmeat and goatmeat.¹

This proposal is the formal expression, notwithstanding a number of changes, of the options set out in the report made by the Commission in September 1987 in connection with the implementation of agricultural stabilizers² on the operation of the market organization for sheepmeat and goatmeat.³

In view of its 1992 single market objective, the Commission is proposing to enshrine henceforth in the basic Regulation (EEC) No 1837/80 of 20 June 1980³ the following principles:

- (i) the regrouping of the regions of production into three regions only;
- (ii) the granting of a single premium, namely the ewe premium, based on the difference between the basic price and the average market price at Community level weighted by a productivity coefficient for each of the three regions;
- (iii) more systematic granting of advances on the premium.

In order to achieve this objective, it is necessary to take the following steps:

- (i) an initial regrouping of the present seven regions into four regions, with Great Britain remaining separate until 1993 from region 2 (Belgium, Denmark, France, Germany, Ireland, Luxembourg, Netherlands, Northern Ireland);

- (ii) the phasing-out of the variable sheep slaughter premium and of intervention by gradually aligning the guide level used to calculate the variable slaughter premium and the intervention price with market prices;

- (iii) the retention of the special arrangements for region 1 (Greece and Italy), derived from those for the new region 2;

- (iv) the granting of the premium in respect of only the first 500 ewes per holding (1 000 in less-favoured areas).

Oils and fats

2.1.146. On 18 October the Council, acting on a proposal from the Commission,⁴ adopted Regulation (EEC) No 3285/88 fixing for the 1988/89 marketing year the representative market price and the threshold price for olive oil and the percentages of the consumption aid to be retained.⁵ The representative market price was set at ECU 190.61/100 kg and the threshold price at ECU 189.43/100 kg. 1.4% of the consumption aid, set at ECU 61/100 kg, will be withheld to finance the trade organizations and 4% for measures to promote consumption.

2.1.147. On 5 October the Commission sent the Council a proposal⁶ to amend Council Regulation (EEC) No 2194/85 of 25 July 1985 adopting general rules concerning special measures for soya beans.⁷ The purpose of this amendment is to extend until 31 December 1992 the possibility granted to first purchasers who are not processors and receive the aid for soya beans provided for under Council Regulation (EEC) No 2217/88 of 19 July 1988⁸ to use methods producing effects equivalent to those deriving from

¹ COM(88) 528 final.

² Bull. EC 9-1987, points 1.5.1 and 2.1.133.

³ OJ L 183, 16.7.1980; Bull. EC 6-1980, point 2.1.105.

⁴ COM(88) 498 final.

⁵ OJ L 292, 26.10.1988.

⁶ COM(88) 525 final.

⁷ OJ L 204, 2.8.1985.

⁸ OJ L 197, 26.7.1988; Bull. EC 7/8-1988, point 2.1.126 *et seq.*

the single Community method on the drawing and reduction of samples and for the analysis of soya beans.¹ Such first purchasers are often firms which, because of their limited technical and economic capacity, are unable to use the single Community method.

2.1.148. On 31 October the Commission adopted Regulation (EEC) No 3404/88 fixing for the 1988/89 marketing year the estimated production and the abatement to be applied to the subsidy for soya beans.² The abatement was set at ECU 4.59/100 kg for Spain and at ECU 5.78/100 kg for the other Member States, with estimated production put at 1.6 million tonnes.

Sugar

2.1.149. On 18 October the Commission adopted Regulation (EEC) No 3200/88³ amending Regulation (EEC) No 3016/78 of 20 December 1978 laying down certain rules for applying conversion rates in the sugar and isoglucose sectors.⁴

By Regulations (EEC) Nos 1107/88 of 25 April 1988⁵ and 2250/88 of 19 July 1988⁶ the Council introduced Community aid for the adaptation of the white-sugar-from-beet processing industry in the Azores and Community aid for the preferential raw cane sugar refining industry which may be extended to cover raw cane sugar from the French overseas departments and, where appropriate, raw sugar obtained from beet harvested in the Community. In addition, the Council authorized the United Kingdom to grant national aid to refiners of preferential raw sugar in the United Kingdom. In order to apply these aid schemes and, in particular, to determine the relevant amounts in national currency, it was necessary to set the agricultural conversion rate applicable on the basis of the operative event. It therefore seemed appropriate to adjust also the operative event determining the national aid schemes authorized for Italy and France which were extended for 1988/89.

Processed fruit and vegetables

2.1.150. On 17 October the Commission adopted Regulation (EEC) No 3179/88⁷ amending Annex IV to Commission Regulation (EEC) No 3433/81 of 26 November 1981⁸ laying down detailed rules for the application of Council Regulation (EEC) No 1796/81 of 30 June 1981⁹ as regards imports of preserved cultivated mushrooms originating in non-member countries by inserting an additional Chinese agency in the list of competent authorities for the issue of the certificates required for the entry into free circulation of preserved cultivated mushrooms originating in the People's Republic of China, South Korea and Taiwan.

2.1.151. On 18 October the Commission adopted Regulation (EEC) No 3201/88 increasing the production aid for tomato concentrate obtained from Greek tomatoes during the 1984/85 and 1985/86 marketing years contained in certain types of small packing.³ This Regulation lays down the increments in the aid paid for the product in question to remedy an inequality of treatment confirmed by the judgments given by the Court of Justice on 19 September 1985¹⁰ and 26 April 1988.¹¹

Structures

2.1.152. On 17 October the Council, acting on a proposal¹² from the Commission endorsed by Parliament,¹³ adopted.¹⁴

¹ OJ L 210, 1.8.1986.

² OJ L 299, 1.11.1988.

³ OJ L 284, 19.10.1988.

⁴ OJ L 359, 22.12.1978.

⁵ OJ L 110, 29.4.1988.

⁶ OJ L 198, 26.7.1988; Bull. EC 7/8-1988, point 2.1.129.

⁷ OJ L 283, 18.10.1988.

⁸ OJ L 346, 2.12.1981.

⁹ OJ L 183, 4.7.1981; Bull. EC 6-1981, point 2.1.91.

¹⁰ Case 192/83 *Commission v Greece*: Bull. EC 9-1985, point 2.5.18.

¹¹ Joined Cases 97, 99, 193 and 215/86 *Asteris and Others v Commission*: Bull. EC 7/8-1988, point 2.4.31.

¹² OJ C 182, 12.7.1988; Bull. EC 5-1988, point 2.1.155.

¹³ OJ C 290, 14.11.1988.

¹⁴ OJ L 288, 21.10.1988.

(i) Regulation (EEC) No 3222/88 introducing a common measure for the re-establishment of olive groves damaged by frost in certain regions of Greece in 1987;

(ii) Regulation (EEC) No 3223/88 amending Council Regulation (EEC) No 2511/69 of 9 December 1969 laying down special measures for improving the production and marketing of Community citrus fruit;¹

(iii) Regulation (EEC) No 3224/88 introducing an emergency common measure to aid the agricultural areas of the Regions of Valencia and Murcia (Spain).

Legislation

Veterinary and animal husbandry

2.1.153. On 11 October the Commission sent the Council a proposal² to amend Council Directive 80/215/EEC of 22 January 1980 on animal health problems affecting intra-Community trade in meat products.³ This would allow the consignment of certain meat products up to 5 kg in weight after deboning from Member States where African swine fever is endemic.

2.1.154. On 28 October the Commission adopted a proposal to be sent to the Council for a Regulation laying down the technical and pedigree requirements for the marketing of purebred animals.⁴ This provides for harmonized rules at Community level on the marketing of purebred animals not covered by other specific rules with a view to completing the internal market and improving livestock productivity.

2.1.155. On 7 and 24 October respectively the Commission, using the management measures at its disposal, approved the plan for the eradication of classical swine fever⁵ and the accelerated plan for the eradication of leukosis in cattle⁶ presented by Belgium.

2.1.156. On 12 October Parliament adopted an opinion⁷ on the proposal for a Directive on health problems affecting the production, placing on the market of the

Community and importation from non-member countries of minced meat and meat in pieces of less than 100 grams,⁸ to which it made a number of technical amendments.

Competiton

2.1.157. Under Articles 92 to 94 of the EEC Treaty, the Commission decided to make no comment on the introduction of the following proposed schemes, which had been duly notified.

Belgium

Aid to combat disease in hop crops.

Denmark

Agricultural loan guarantees (Act No 374 of 6 July 1977 on indexed loans).

Netherlands

Aid for investments in slurry storage facilities on individual farms. Amendment of the second decision on the storage of slurry (investments). Aid for investments in joint slurry storage facilities.

United Kingdom

Farm diversification scheme (1987).

2.1.158. The Commission decided to initiate the Article 93(2) procedure in respect of an Italian aid scheme on measures to encourage the preservation and marketing of olive oil. This involves the granting of an aid per kg of olive oil (LIT 5 000/kg), which infringes the provisions of the olive-oil marketing organization.

¹ OJ L 318, 18.12.1969.

² OJ C 273, 22.10.1988; COM(88) 535 final.

³ OJ L 47, 21.2.1980; Bull. EC 1-1980, point 2.1.46.

⁴ OJ C 304, 29.11.1988; COM(88) 598 final.

⁵ OJ L 291, 25.10.1988.

⁶ OJ L 307, 12.11.1988.

⁷ OJ C 290, 14.11.1988.

⁸ OJ C 18, 23.1.1988; Bull. EC 12-1987, point 2.1.228.

European Agricultural Guidance and Guarantee Fund

Financial report

2.1.159. On 26 October the Commission sent the Council and Parliament the 17th financial report on the operations of the EAGGF Guarantee Section (covering 1987).¹

This report covers the expenditure resulting from the common policy on agricultural markets and prices and from the supply of agricultural products as Community food aid.

In 1987, including the supplementary and amending budget, the appropriations entered in the Community's general budget totalled ECU 22 988.5 million for the EAGGF Guarantee Section, with fisheries accounting for ECU 27.7 million of that amount.

As the appropriations proved insufficient to cover all agricultural expenditure until the end of 1987, the Community authorities adopted special tideover rules averting a breakdown in payments.

Taking into account on the one hand the financial contribution from grain farmers (ECU 379 million) and that of dairy farmers (ECU 601 million) and on the other hand the recovery of expenditure disallowed when the 1983, 1984 and 1985 accounts were cleared (ECU 208 million), total agricultural expenditure charged to the Guarantee Section for 1987 against the budget for that year amounts to ECU 22 967.7 million.

On the basis of total expenditure against the 1987 budget and excluding the clearance of accounts for previous financial years (ECU 23 176 million), the breakdown of agricultural expenditure according to economic type shows that export refunds totalled ECU 9 375 million (40.4%) and intervention ECU 13 801 million (59.6%).

Cereals alone absorbed 34% of total expenditure on refunds, followed by milk products with 24%.

Expenditure on intervention related mainly to milk products (20%) and oilseeds (19%). Compared with total intervention, price compensating aids totalled nearly ECU 9 000 (65%), followed by storage aid of ECU 3 684 million (27%).

In contrast with previous years, 1987 saw an overall reduction in the book value of public stocks, from ECU 11 360 million at 30 November 1986 to ECU 9 368 million at 31 December 1987, a fall of ECU 1 992 million (17.5%).

Between 1986 and 1987 there was a change in the breakdown in the book value of the most important products; in 1987 milk products accounted for 44% (52% in 1986), cereals 25% (26% in 1986) and beef 24% (18% in 1986).

As regards quantities stored, between 1986 and 1987:

- (i) there was a fall in cereals in general, milk products and sunflower;
- (ii) there was a sharp increase in alcohol, and smaller increases in beef, olive oil and tobacco;
- (iii) stocks of pigmeat, sugar and rape were eliminated altogether.

Total expenditure on food aid in 1987 was ECU 304 million. As in previous years, Community food aid operations were mainly in the form of supplies of milk products (value ECU 124 million) and cereals and rice (value ECU 95 million) to beneficiary countries and agencies.

Guarantee Section

2.1.160. On 26 October the Commission, in accordance with paragraph 8 of the conclusions of February's European Council,² sent the budget authority the seventh monthly report on the trend in EAGGF guarantee expenditure by the Member

¹ COM(88) 563 final. For Guidance Section operations in 1987, see Bull. EC 7/8-1988, point 2.1.195.

² Bull. EC 2-1988, point 1.1.1.

States between November 1987 and August 1988 (early warning system).¹

2.1.161. On 13 October the Commission decided to depreciate the book value of agricultural intervention stocks by ECU 238 million to bring their value closer to the likely selling price.

It also decided to make an advance of ECU 405.8 million on the probable loss that will be incurred when the alcohol from preventive distillation operations is sold.

Fisheries

Resources

Internal aspects

Community measures

TACs and quotas

2.1.162. On 14 October the Council, acting on a proposal from the Commission,² amended³ Regulation (EEC) No 3977/87 of 21 December 1987 fixing, for certain fish stocks and groups of fish stocks, the total allowable catches for 1988 and certain conditions under which they may be fished.⁴ The changes included an increase in the TAC for herring in ICES divisions VII g, h, j and k and the fixing of TACs and quotas for salmon and cod in part of ICES divisions III b, c and d. Meeting in Luxembourg on 19 and 20 October, the Council again amended⁵ this Regulation on a proposal from the Commission,⁶ this time as regards catches of cod in division IIb (Svalbard and Bear Island).

Control measures

2.1.163. On 19 October the Council gave its approval to a Commission proposal⁷ to amend Regulation (EEC) No 2241/87 of 23 July 1987 establishing certain control measures for fishing activities.⁸ The pur-

pose of the amendments is to speed up the transmission of catch data and to ensure stricter surveillance of Community fishing vessels landing their catches in a Member State other than that whose flag they fly.

Technical measures

2.1.164. On 20 October the Council, acting on a proposal from the Commission,⁹ adopted a Regulation⁵ amending for the sixth time Regulation (EEC) No 3094/86 of 7 October 1986 laying down certain technical measures for the conservation of fishery resources.¹⁰ This extends until 1 January 1992 the validity of Article 8 on the protection of immature mackerel within an area off the south-west coast of the United Kingdom and alters the eastern boundary of that area (longitude 2° W instead of 3° W).

External aspects

Bilateral relations

Mozambique

2.1.165. The EEC-Mozambique fisheries agreement, which had applied provisionally since 1 January 1987,¹¹ was signed in Maputo on 1 October.

Liberia

2.1.166. Exploratory talks between a Commission delegation and the Liberian authorities were held in Monrovia on 4 October to examine the scope for a fisheries agreement between the Community and

¹ Previous report: Bull. EC 9-1988, point 2.1.113.

² Bull. EC 9-1988, point 2.1.115.

³ OJ L 282, 15.10.1988.

⁴ OJ L 375, 31.12.1987; Bull. EC 12-1987, point 2.1.239.

⁵ OJ L 292, 26.10.1988.

⁶ Bull. EC 7/8-1988, point 2.1.205.

⁷ Bull. EC 12-1988, point 2.1.151.

⁸ OJ L 207, 29.7.1987; Bull. EC 7/8-1987, point 2.1.238.

⁹ Bull. EC 9-1988, point 2.1.117.

¹⁰ OJ L 288, 11.10.1986; Bull. EC 10-1986, point 2.1.174.

¹¹ OJ L 98, 10.4.1987; Bull. EC 12-1986, point 2.1.280.

Liberia. The meeting provided the two parties with an opportunity to review the situation as regards resources in Liberian waters, national fisheries legislation, the system for the issuing of licences, fishing zones and the volume of catches.

Norway and Sweden

2.1.167. The Community's annual consultations with Norway were held in Oslo on 19 and 20 October and those with Sweden in Brussels on 27 and 28 October, with a view to reaching agreement on reciprocal fishing rights and conditions for 1989.

The Community, Norway and Sweden also held trilateral consultations in Oslo on 17 and 18 October, with a view to reaching agreement on the fishing conditions applicable to all three parties in the Skagerrak and Kattegat for 1989.

Soviet Union

2.1.168. The Council took note of a Commission report on the progress of the negotiations on a fisheries agreement with the Soviet Union.¹

Multilateral relations

2.1.169. The Commission took part in the seventh meeting of the Commission for the Conservation of Antarctic Marine Living Resources, held in Hobart, Australia, from 24 October to 4 November.² Two conservation measures were adopted — one prohibiting direct fishing for Antarctic icefish in the South Georgia area (subregion 48.3) between 4 November 1988 and 20 November 1989, the other setting a 13 000-tonne TAC for a species of toothfish in the same area for the 1988/89 fishing season.

2.1.170. The Council took note of a Commission report on the activities of Community fishing vessels in the Regularoty Area of the North-West Atlantic Fisheries Organization (NAFO). It stressed the need to ensure that Community vessels observed NAFO rules.

2.1.171. On 26 October Parliament adopted a resolution on a Community initiative with a view to the conclusion of a Mediterranean Fisheries Convention.³ Parliament reaffirmed⁴ the need for such a convention, which would cover all aspects of the conservation and management of fishery resources. It took the view that, to prepare the way for a convention, the Community should cooperate closely with the Food and Agriculture Organization of the United Nations and the General Fisheries Council for the Mediterranean. Now that a fisheries agreement had been concluded with Morocco,⁵ Parliament called on the Commission to initiate exploratory talks with other Mediterranean countries with a view to concluding bilateral agreements on the conservation of fishery resources and thus implementing conservation measures at subregional level, pending the conclusion of a Mediterranean Fisheries Convention.

Markets and structures

Market organization

2.1.172. On 31 October the Commission amended⁶ Regulation (EEC) No 4122/87 of 21 December 1987 on import quotas for products subject to quantitative restrictions (1988 fishing year),⁷ increasing the Spanish import quota for frozen hake by 5 000 tonnes and that for fresh hake by 1 000 tonnes. On the same day the Commission amended⁶ accordingly Regulation (EEC) No 4123/87 of 21 December 1987 fixing for 1988 the overall foreseeable level of imports of fishery products subject to the supplementary trade mechanism.⁷

2.1.173. On 28 October the Commission adopted three proposals for Regulations⁸

¹ Bull. EC 9-1988, point 2.1.123.

² Previous meeting: Bull. EC 10-1987, point 2.1.194.

³ OJ C 309, 5.12.1988.

⁴ OJ C 76, 23.3.1987; Bull. EC 2-1987, point 2.4.11.

⁵ OJ L 181, 12.7.1988; Bull. EC 6-1988, point 2.1.239.

⁶ OJ L 299, 1.11.1988.

⁷ OJ L 386, 31.12.1987; Bull. EC 12-1987, point 2.1.259.

⁸ COM(88) 604 final.

fixing the guide prices for the fishery products listed in Annex I(A), (D) and (E) and in Annex II to Regulation (EEC) No 3796/81 of 29 December 1981¹ and fixing the producer price for tuna intended for the canning industry. These proposals, which relate to the fishing year running from 1 January to 31 December 1989, were sent to the Council on 4 November.

The prices concerned are fixed annually for each fishing year and are based on the average of prices recorded at representative markets in recent years. As regards fresh fish, the Commission proposes that guide prices should be lowered by 2% for herring and Atlantic sardine, by 1% for Mediterranean sardine, saithe, dogfish and catshark and by 5% for Norway lobster (tails); that the guide prices for cod, whiting, mackerel (*Scomber scombrus*), shrimps, ling, Ray's bream, monkfish (without head), edible crab and Norway lobster (whole) should remain the same as for 1988;² that the guide price for redfish, haddock, hake, sardines, monkfish (whole) and mackerel (*Scomber japonicus*) should be raised by 1% and that for plaice by 2%. As regards frozen products, the Commission proposes that guide prices should remain at their present level throughout the 1989 fishing year in the case of cuttlefish, octopus, sardines and squid (*Loligo*) and increased in the case of sea bream. Increased production and imports of squid (*Illex*) having resulted in a sharp rise in the level of stocks and a steep decline in prices, the Commission proposes a number of measures to tackle the present market situation, including a substantial reduction in the guide price. As regards the producer price for tuna, the Commission proposes a 3% reduction for 1989, in view of the downward trend in market prices over the last three years.

2.1.174. On 27 October the Economic and Social Committee adopted an opinion on the situation of the herring market.³ The Committee updated the Commission's report,⁴ noting the most recent trends in production, withdrawals from the market, prices and external trade. It reviewed the different options suggested by the Com-

mission and stressed the need for a general approach to the problems arising on the market (structural and trade measures, better enforcement of Community rules on imports and priority for social issues).

Structures

2.1.175. On 28 October the Commission, acting under Regulation (EEC) No 4028/86 of 18 December 1986 on Community measures to improve and adapt structures in the fisheries and aquaculture sector,⁵ decided to grant financial assistance totalling ECU 0.376 million towards an exploratory fishing project submitted by France. On the same date the Commission approved⁶ two multiannual guidance programmes (1987-91)⁷ for the French overseas departments, one relating to the fishing fleet and the other to aquaculture and the provision of protected marine areas.

2.1.176. On 31 October the Commission, again under Regulation No 4028/86, decided to grant, as the second instalment for 1988, financial assistance totalling ECU 36.37 million towards 14 shipbuilding projects in the French overseas departments, 353 vessel-modernization projects, 168 aquaculture projects and 1 artificial-reef project. Table 3 gives the breakdown by Member State.

¹ OJ L 379, 31.12.1981.

² OJ L 355, 17.12.1987; Bull. EC 12-1987, point 2.1.258.

³ OJ C 337, 31.12.1988.

⁴ Bull. EC 11-1987, point 2.1.235.

⁵ OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.285.

⁶ OJ L 311, 17.11.1988.

⁷ OJ L 4, 7.1.1988; Bull. EC 12-1987, point 2.1.263.

Table 3 — Measures to improve and adapt fisheries and aquaculture structures

	Projects submitted		Projects approved	
	Number	Aid requested (million ECU) ¹	Number	Aid granted (million ECU) ¹
Belgium	10	0.70	6	0.07
Denmark	60	1.75	60	1.84
Germany	33	1.18	10	0.67
Greece	49	6.73	23	2.60
Spain	256	42.22	151	9.94
France	160	23.28	55	3.78
Ireland	42	5.90	26	3.33
Italy	130	12.08	79	6.28
Netherlands	12	0.32	9	0.21
Portugal	76	10.88	23	1.97
United Kingdom	199	18.64	94	5.68
Total	1 027	123.68	536	36.37

¹ Converted at 1 October 1988 rates.

State aids

2.1.177. The Commission raised no objection to the implementation of two aid schemes which had not been notified in good time, namely a French scheme for the restructuring of the sardine fleet (Port-Vendres) and a Danish scheme relating to the budget of the Salmon Fund for the second half of 1987 and for 1988.

It also terminated the Article 93(2) procedure in respect of certain provisions of a draft Portuguese decree-law and ministerial order¹ implementing Regulation (EEC) No 4028/86 of 18 December 1986.²

On the other hand, the Commission initiated the Article 93(2) procedure in respect of three aid schemes belatedly notified by the Federal Republic of Germany relating to emergency measures adopted in the fisheries sector by the *Länder* of Bremen, Lower Saxony and Hamburg.

Transport

Infrastructure

2.1.178. At its meeting in Luxembourg on 26 October the Council discussed certain features of the proposal for a Regulation for an action programme in the field of transport infrastructure³ and, in particular, the entering of specific infrastructure appropriations under a multiannual budget heading.

Inland transport

Road transport

Access to the market

2.1.179. The Commission adopted on 26 October, and sent to the Council on 4

¹ Bull. EC 4-1988, point 2.1.175.

² OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.285.

³ OJ C 270, 19.10.1988; Bull. EC 6-1988, point 2.1.254.

November, an amendment¹ to its proposal for a Regulation laying down the conditions under which non-resident carriers may operate national road passenger transport services within a Member State.² This takes into account two changes called for by Parliament.³ One imposes an obligation on Member States to inform the Commission of measures they have taken to implement the Regulation, while the other is a drafting improvement.

2.1.180. On the same dates it adopted and sent to the Council an amendment⁴ to the proposal for a Regulation on common rules for the international carriage of passengers by coach and bus.⁵ This introduces certain amendments proposed by Parliament, in particular those which would end the requirement for shuttle services with accommodation to be subject to authorization.³

Admission to the occupation

2.1.181. The Council examined certain basic aspects of the proposal⁶ to amend Directives 74/561/EEC and 74/562/EEC of 12 November 1974 on admission to the occupation of road haulage and road passenger transport operator,⁷ which seeks to make the requirements as to good reputation, financial standing and professional competence more stringent and to harmonize the application of these criteria in the Member States.

Social conditions

2.1.182. On 27 October the Economic and Social Committee adopted an additional opinion⁸ on the proposal for a Council Regulation⁹ amending Regulation (EEC) No 3820/85 of 20 December 1985 on the harmonization of certain social legislation relating to road transport¹⁰ and Regulation (EEC) No 3821/85 of 20 December 1985 on recording equipment in road transport.¹⁰ The Committee rejected the Commission's proposals: it took the view that these

amendments, proposed only a year and a half after the initial Regulations entered into force, were unwarranted.

Technical aspects

Road safety

2.1.183. The Commission adopted on 17 October, and sent to the Council on 4 November, a proposal for a Directive on the approximation of the laws of the Member States relating to compulsory use of safety belts in vehicles of less than 3.5 tonnes.¹¹

The purpose of this Directive — which arises from the undertakings given by the Commission in its report evaluating European Road Safety Year (1986)¹² — is to make compulsory, within a reasonable period, the wearing of safety belts by all vehicle occupants, save for special cases.

Sea transport

2.1.184. On 19 October the Commission adopted a proposal for a Regulation introducing a redressive duty on containerized cargo to be transported in liner service between the Community and Australia by the Korean company Hyundai Merchant Marine.¹³ In November 1987 the Commission had initiated proceedings concerning the unfair pricing practices alleged to be pursued by Hyundai.¹⁴ This is the first proposal to be presented pursuant to Regu-

¹ OJ C 301, 26.11.1988; COM(88) 596 final.
² OJ C 77, 24.3.1987; Bull. EC 2-1987, point 2.1.169.
³ OJ C 94, 11.4.1988; Bull. EC 3-1988, point 2.1.186.
⁴ OJ C 301, 26.11.1988; COM(88) 595 final.
⁵ OJ C 120, 6.5.1987; Bull. EC 2-1987, point 2.1.170.
⁶ OJ C 102, 16.4.1988; Bull. EC 3-1988, point 2.1.188.
⁷ OJ L 308, 19.11.1974.
⁸ OJ C 337, 31.12.1988. Earlier opinion: OJ C 208, 8.8.1988; Bull. EC 6-1988, point 2.4.54.
⁹ OJ C 116, 3.5.1988; Bull. EC 2-1988, point 2.1.160.
¹⁰ OJ L 370, 31.12.1985; Bull. EC 12-1985, point 2.1.214.
¹¹ OJ C 298, 23.11.1988; COM(88) 544 final.
¹² Bull. EC 4-1988, point 2.1.181.
¹³ COM(88) 414 final.
¹⁴ Bull. EC 11-1987, point 2.1.248.

lation (EEC) NO 4057/86 of 22 December 1986 on unfair pricing practices in maritime transport.¹

2.1.185. On 24 October the Commission sent the Council a recommendation for a Decision authorizing it to propose an amendment to the United Nations Convention on a Code of Conduct for Liner Conferences with a view to making it possible for the Community to accede to the Convention.²

Air transport

2.1.186. On 19 October the Commission adopted a communication on air traffic system capacity problems (air traffic congestion).³ Analysis of the current situation reveals the serious situation created by the saturation of the air traffic control system in Europe and by inadequate capacity at many airports. To solve the problem of congested airspace, the Commission proposes a series of measures:

(i) a proposal for a Council Decision on coordination and cooperation between Member States, the Community and Eurocontrol in the field of air navigation: coordination should cover the planning and acquisition of air navigation facilities and the development of common air traffic control procedures and training programmes for traffic controllers; a common air traffic flow management system would be established, to be supported mainly by Eurocontrol's central data bank; and the Community should accede to the Eurocontrol Convention;

(ii) a proposal for a Council Decision to amend Decision 78/174/EEC of 20 February 1978 instituting a consultation procedure and setting up a Committee in the field of transport infrastructure:⁴ this would bring air transport within the scope of existing Community legislation on transport infrastructure and encourage the rational development and efficient use of air transport infrastructure;

(iii) a proposal for a Council recommendation on a flexible and efficient use of airspace: this proposal invites the Member States to devise a more rational distribution of airspace between civilian and military users according to their real needs.

Multimodal transport

2.1.187. On 14 October Parliament approved (first reading)⁵ the proposal for a fifth Directive on summer-time arrangements.⁶

2.1.188. On 27 October the Economic and Social Committee endorsed the summer-time proposal.⁷ It stressed, however, that the end as well as the beginning of summer time should be harmonized as soon as possible.

2.1.189. On 12 October Parliament adopted a resolution on priorities for the common transport policy in connection with the development of the Mediterranean region.⁸ As Greece, Spain and Portugal were now part of the Community, the Mediterranean was no longer an outlying region: it was at the heart of the transport network between the southern Member States. Parliament considered that the completion of the internal market must go hand in hand with the elimination of bottlenecks. It invited the Council to adopt the Commission's proposal for a medium-term transport infrastructure programme⁸ and asked the Commission to support projects that would reduce the structural handicaps of the Mediterranean regions or boost the capacity of transport links between the Mediterranean area and the North Sea and the rest of the Community.

¹ OJ L 378, 31.12.1986; Bull. EC 12-1986, point 2.1.300.

² COM(88) 590 final.

³ COM(88) 577.

⁴ OJ L 54, 25.2.1978.

⁵ OJ C 290, 14.11.1988.

⁶ OJ C 201, 2.8.1988; Bull. EC 7/8-1988, point 2.1.230.

⁷ OJ C 337, 31.12.1988.

⁸ OJ C 288, 15.11.1986; Bull. EC 6-1986, point 2.1.221.

With regard to rail transport, Parliament called on the Commission to put forward recommendations on minimum requirements for freight services. With respect to road transport, it asked the Council to harmonize conditions of competition in view of the role played by small firms in Mediterranean countries. With regard to sea transport, the Commission was asked to insist that the Council adopt legislation which would phase out Member States' restrictions on cabotage. With respect to air transport, the resolution called on the Commission to make proposals for establishing direct links between small and medium-sized centres of population and economic activity in the Mediterranean area.

International cooperation

2.1.190. On 5 October the Commission sent the Council a report on the first stage of the transport negotiations between the Community and Austria, Switzerland and Yugoslavia,¹ and a proposal concerning the later stage of these negotiations.² The Council considered certain aspects of the later stage and established guidelines in this connection. It confirmed its wish that the Commission should conclude the negotiations before the end of 1989 on the basis of directives which the Council has undertaken to adopt before 31 December.³

2.1.191. On 14 October Parliament approved⁴ the proposal for a Decision concerning the Agreement between the Community and Finland, Norway, Sweden, Switzerland and Yugoslavia on the international combined road-rail carriage of goods.⁵

Energy

Development and implementation of a Community energy policy

2.1.192. On 4 October the ECSC Consultative Committee adopted a resolution

on the review of Member States' energy policies and of the progress made towards meeting the Community's 1995 energy objectives,⁶ after examining a Commission communication on this subject.⁷ Bearing in mind the risk of the Community becoming substantially more dependent on oil and gas imports from unsure sources of supply, the Committee expressed the view that the 1995 energy objectives⁸ ought to be achieved and noted certain steps that should be taken to promote the use of coal in particular.

Specific problems

Solid fuels

2.1.193. As required by Council Decision No 2064/86/ECSC of 30 June 1986 establishing new Community rules for State aid to the coal industry,⁹ the Commission adopted, for transmission to the Council, Parliament and the ECSC Consultative Committee, the first report on Member States' aid for the industry on 18 October.¹⁰ It summarizes and analyses the aid notified by the coal-producing Member States for approval by the Commission for 1987 and information on all the other measures that the Member States intended to take directly or indirectly to assist the industry during that year.

2.1.194. On 5 October, acting under the same Decision, the Commission authorized¹¹ the Federal Republic of Germany to grant additional aid of DM 137 million to its coal industry.¹² And on 17 October the

¹ Bull. EC 12-1987, point 2.1.283.

² Bull. EC 9-1988, point 2.1.135.

³ Bull. EC 6-1988, point 2.1.267.

⁴ OJ C 290, 14.11.1988.

⁵ Bull. EC 4-1988, point 2.1.183.

⁶ OJ C 277, 27.10.1988.

⁷ Bull. EC 3-1988, point 2.1.198.

⁸ OJ C 241, 25.9.1986; Bull. EC 9-1986, point 2.1.154.

⁹ OJ L 177, 1.7.1986; Bull. EC 6-1986, point 2.1.236.

¹⁰ COM(88) 541.

¹¹ OJ L 288, 21.10.1988.

¹² Previous authorization: OJ L 241, 25.8.1987; Bull. EC 7/8-1987, point 2.1.267.

Commission approved the grant by Portugal of ESC 279 965 000 in aid to its coal industry in 1988.

2.1.195. On 4 October the ECSC Consultative Committee gave its views, as requested under Articles 19 and 46 of the ECSC Treaty, on changes to the outlook for the solid fuels market in the Community in 1988. The Committee stressed that the current favourable economic situation was not a permanent feature and pointed to the parallel existence of problems of substance such as the constant decline of solid fuels' share in the Community's energy balance and the steady growth of imports to the detriment of the Community's self-sufficiency. The Committee also voiced its concern at financial practices in the Member States whose compatibility with the competition rules seemed uncertain.

Nuclear energy

2.1.196. The Commission participated from 17 to 21 October in the first plenary meeting of the Lascar (large-scale reprocessing) project, in which Euratom, the International Atomic Energy Agency, France, the Federal Republic of Germany, the United Kingdom, Japan and the United States are involved. The aim is to develop safeguards technologies for large-scale, new-generation reprocessing plants.

Electricity

2.1.197. On 28 October the Commission sent the Council a proposal for a Decision to adopt a Community action programme for improving the efficiency of electricity use.¹ This proposal was drafted in the light of the energy objectives adopted by the Council on 16 September 1986, one of which is to improve energy efficiency by at least 20% by 1995.² The proposed programme sets a number of objectives: to influence consumer behaviour towards selection of the most efficient electrical appliances and better use of them, to continue to improve

the efficiency of electrical appliances, equipment and processes, and to organize the marketing of high-efficiency equipment.

2.1.198. On 27 October the Economic and Social Committee adopted an opinion on the proposal for a Council recommendation to the Member States to promote cooperation between public electricity supply companies and auto-producers of electricity.³ While fully supporting the Commission's objectives, the Committee drew attention to the problems which might arise when Member States implement the recommendation and suggested how the development of renewable energies, waste energy and combined heat and power might be encouraged.

Alternative energy sources

2.1.199. On 28 October the Euroforum on new energy sources held by the Commission in Saarbrücken (24 to 28 October) discussed various aspects of the commercial exploitation of these sources. An overview was given of the state of development of renewable energy sources, the obstacles to marketing them, and the measures to be taken to surmount these obstacles.

Nuclear safety

Radiation protection

Basic standards

2.1.200. On 27 October the Economic and Social Committee unanimously adopted a favourable opinion on the proposal for a Council Directive on informing the population about health protection measures to be applied and steps to be taken in the

¹ OJ C 307, 2.12.1988; COM(88) 576 final.

² OJ C 241, 25.9.1986; Bull. EC 9-1986, point 2.1.154.

³ OJ C 172, 1.7.1988; Bull. EC 4-1988, point 2.1.188.

event of a radiological emergency.¹ While approving the Commission's objective, the Committee called for a number of changes or clarifications. Employers' associations and trade unions, environmental protection and consumer organizations should be involved in relaying information; and specific information for sections of the population liable to be more affected should supplement the basic information to be provided generally.

2.1.201. For the purposes of completing the figures in the annex to Regulation (Euratom) No 3954/87 of 22 December 1987 laying down maximum permitted levels of radioactive contamination of foodstuffs and feedingstuffs following a nuclear accident,² the group of scientific experts set up under Article 31 of the Euratom Treaty delivered its opinion to the Commission on the levels for feedingstuffs.³

2.1.202. The Commission published the proceedings⁴ of the first meeting (concerned with information for the public and the media) of the Standing Conference on Health and Safety in the Nuclear Age,⁵ held in Luxembourg from 5 to 7 October.

Radioactive waste

2.1.203. In the wake of the Transnuklear-Mol affair⁶ the group of scientific experts set up under Article 31 of the Euratom Treaty delivered its opinion on the extension of existing Community provisions on transfrontier shipments of hazardous waste⁷ to include radioactive waste.

2.1.204. On 27 October Parliament adopted a resolution⁸ on the follow-up to the Committee of Inquiry on the handling and transport of nuclear material⁹ it had set up to look into the Transnuklear-Mol affair.⁶ It asked the Commission to respond to the demands already made by Parliament on this subject.¹⁰

¹ Bull. EC 6-1988, point 2.1.275.

² OJ L 371, 30.12.1987; Bull. EC 12-1987, point 2.1.288.

³ Bull. EC 9-1988, point 2.1.14.

⁴ EUR 11608 (available from the Office for Official Publications of the European Communities, L-2985 Luxembourg).

⁵ Bull. EC 10-1987, point 2.1.95.

⁶ Bull. EC 1-1988, point 2.1.109; Bull. EC 7/8-1988, point 2.1.241.

⁷ OJ L 326, 13.12.1984; Bull. EC 12-1984, point 2.1.132; OJ L 181, 4.7.1986; Bull. EC 6-1986, point 2.1.162.

⁸ OJ C 309, 5.12.1988.

⁹ Bull. EC 7/8-1988, point 2.1.241.

¹⁰ Bull. EC 7/8-1988, point 2.4.24.

2. External relations

2.2.1. At its meeting on 19 October the Commission held a general discussion to finalize its strategy for the external dimension of the single market scheduled for the end of 1992 (→ point 1.2.1 *et seq.*).

New round of multilateral trade negotiations

Negotiating groups

Agriculture

2.2.2. At the meeting of the Negotiating Group on Trade in Agricultural Products on 13 and 14 October in Geneva,¹ the Community made a further contribution to one of the three sections making up the long-term part of its agricultural proposals,² namely the section concerned with the Community's approach to the concerted reduction of support in the Uruguay Round. The other two sections are concerned with rectifying the balance of external protection and improving GATT rules.

The Community feels that if there is to be a lasting improvement in the situation of world agricultural markets there must be equivalent, mutual commitments regarding the amount of support which the various partners give to agriculture. This support should be measured, therefore, and commitments given regarding the maximum level over a sufficiently long period (five years). Proper compensation mechanisms should be applied if any of the parties to the agreement did not respect its terms. The Community's contribution underlines its determination to find reasonable ways of matching supply to demand by accepting greater discipline within the GATT framework.

Functioning of the GATT system

2.2.3. The Negotiating Group met in Geneva during the week beginning 24 October³ for the last time before the December mid-term review in Montreal to

prepare its report for the Group of Negotiations on Goods. The meeting agreed on the need to establish a trade policy review mechanism and organize ministerial meetings for the contracting parties as well as discussions between the Director-General of GATT and the heads of institutions responsible for monetary and financial matters. There are a number of issues still to be resolved, including the organization of reviews and ways of indicating clearly the importance attached to cohesion between trade, monetary and financial policies.

GATT articles

2.2.4. The Group met in Geneva on 31 October and 1 November,⁴ mainly to discuss the report to be submitted at the Montreal review meeting.

*

2.2.5. On 26 October Parliament adopted a resolution on international trade in services.⁵ With the increasing role of services, the existing multilateral framework governing international transactions (OECD, Unctad, International Air Transport Association) is inadequate. Parliament therefore welcomed the negotiations on trade in services taking place in the Uruguay Round.⁶ It hoped that an agreement in principle would be achieved by the ministerial meeting in Montreal so that the second phase of the negotiations could be devoted to matters relating to particular sectors and to the procedures for implementing the overall agreement.

2.2.6. On 27 October the Economic and Social Committee unanimously adopted an own-initiative opinion on the current state and future prospects of the GATT Uruguay Round negotiations on agriculture and the

¹ Previous meeting: Bull. EC 7/8-1988, point 2.2.3.

² Bull. EC 2-1988, point 2.2.4; Bull. EC 6-1988, point 2.2.1.

³ Previous meeting: Bull. EC 9-1988, point 2.2.6.

⁴ Previous meeting: Bull. EC 9-1988, point 2.2.4.

⁵ OJ C 309, 5.12.1988.

⁶ Bull. EC 4-1988, point 2.2.1.

agri-food sector.¹ This supplements the opinion delivered on 29 September on the general aspects of the negotiations.² In the light of the Community's task of seeking a better balance on agricultural markets, the Committee stressed the absolute necessity for the Community to maintain maximum cohesiveness and resolve and that public opinion should be properly briefed on the key issues of the negotiations.

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Corrigendum to anti-dumping Decision

2.2.7. On 5 October the Commission published a corrigendum³ to its Decision

of 29 July 1988 on protection against dumped or subsidized imports from countries not members of the European Coal and Steel Community.⁴

Easing of restrictive measures

2.2.8. In October the Commission opened a number of quotas⁵ under Council Regulation (EEC) No 3420/83 of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level.⁶

Trade protection

2.2.9. Trade protection measures taken in October are shown in Table 4.

¹ Bull. EC 9-1986, point 1.4.1 *et seq.*

² Bull. EC 9-1988, point 2.4.42.

³ OJ L 273, 5.10.1988.

⁴ OJ L 209, 2.8.1988; Bull. EC 7/8-1988, point 2.2.8.

⁵ OJ C 261, 8.10.1988; OJ C 264, 11.10.1988; OJ C 270, 19.10.1988.

⁶ OJ L 346, 8.12.1983.

Table 4 — *Trade protection measures*

Council	Commission
Anti-dumping proceedings	Anti-dumping proceedings
<i>Extension of provisional anti-dumping duty on imports of:</i>	<i>Reopening of anti-dumping proceeding concerning imports of:</i>
Synthetic fibres of polyesters originating in Mexico, Romania, Taiwan, Turkey, the USA or Yugoslavia OJ L 282, 15.10.1988 (provisional anti-dumping duty: OJ L 151, 17.6.1988)	Paint, distemper, varnish and similar brushes originating in the People's Republic of China OJ C 257, 4.10.1988 (initiation of proceeding: OJ C 103, 30.4.1986)
Polyester yarn originating in Mexico, South Korea, Taiwan or Turkey OJ L 282, 15.10.1988 (provisional anti-dumping duty: OJ L 151, 17.6.1988; OJ L 257, 17.9.1988)	<i>Provisional anti-dumping duty on imports of:</i>
Paracetamol originating in the People's Republic of China OJ L 282, 15.10.1988 (provisional anti-dumping duty: OJ L 155, 22.6.1988)	Paint, distemper, varnish and similar brushes originating in the People's Republic of China OJ L 272, 4.10.1988 (initiation of proceeding: OJ C 103, 30.4.1986)
	<i>Acceptance of undertakings given in connection with the anti-dumping proceeding concerning:</i>
	Certain plain-paper photocopiers assembled in the Community OJ L 284, 19.10.1988 (initiation of proceeding: OJ C 44, 17.2.1988)

Council	Commission
<p><i>Extension of definitive anti-dumping duty to:</i> Certain plain-paper photocopiers assembled in the Community OJ L 284, 19.10.1988 (definitive anti-dumping duty: OJ L 54, 24.2.1987)</p>	<p><i>Notice of expiry of anti-dumping measures:</i> OJ C 279, 29.10.1988.</p>

Import and export arrangements

2.2.10. On 24 October the Council confirmed¹ Commission Regulation (EEC) No 1857/88 of 30 June 1988 instituting a system for the authorization of imports into France of footwear originating in South Korea or Taiwan.² The Regulation is to apply until 30 June 1990.

Treaties and trade agreements

2.2.11. An Agreement between the Community and Czechoslovakia on trade in industrial products was initialled in Brussels on 19 October. Under the Agreement Czechoslovakia has undertaken to take the steps needed to foster imports from the Community. Access to the Community market for products from Czechoslovakia will be eased as a result of the liberalization or suspension of quantitative restrictions. A consultation body will be responsible for administering the Agreement and for examining, when appropriate, whether a further agreement is to be concluded and whether it should be given a wider scope (→ point 2.2.47).

Individual sectors

Iron and steel products

Unilateral measures

2.2.12. On 1 October the Commission authorized Germany to suspend until 31 December the application of Community

treatment to certain ECSC products originating in State-trading countries imported under a quota system and in free circulation in the other Member States.³

2.2.13. On 5 October the Commission decided to introduce ceilings and Community surveillance for 1989 in respect of imports of certain iron and steel products originating in Yugoslavia.

2.2.14. On 14 October the Commission approved three proposals for Council Regulations opening, allocating and providing for the administration for 1989 of the Community tariff quotas for ferro-silicon, ferro-silico-manganese and low-carbon ferro-chromium containing not more than 0.10% of carbon and between 30 and 90% of chromium. The quotas are free of CCT duties and concern the following quantities: ferro-silicon 12 600 tonnes; ferro-silico-manganese 18 500 tonnes; and low-carbon ferro-chromium 2 950 tonnes.

2.2.15. In order to ensure that the Community user industries receive the necessary supplies, the Commission decided on 19 October to increase the 1988 tariff quota for ferro-chromium containing more than 6% by weight of carbon.

2.2.16. On 12 October⁴ and 14 October⁵ the Commission authorized further derogations by the Member States from ECSC

¹ OJ L 291, 25.10.1988.

² OJ L 166, 1.7.1988; Bull. EC 6-1988, point 2.2.9.

³ OJ C 255, 1.10.1988.

⁴ OJ L 303, 8.11.1988.

⁵ OJ L 301, 4.11.1988.

Recommendation 1-64¹ in order to enable generalized tariff preferences to be applied to certain iron and steel products originating in developing countries and to allow increased protection for 'electrical' sheet at the external frontiers of the Community.

Textiles

Agreements and arrangements with non-Community countries

Mediterranean preferential countries

2.2.17. Further negotiations² took place in Brussels on 17 and 18 October between the Commission and a delegation representing associations of Turkish exporters concerning the renewal of the EEC-Turkey arrangement for trade in clothing products.³ Turkish government observers were also present.

The two sides examined the economic and administrative components which should form the basis of the new arrangement, particular account being taken of the present situation in the Community clothing industry.

Relations with industrialized countries

United States

2.2.18. On 20 October Mr John C. Whitehead, the United States Deputy Secretary of State, met Mr Willy De Clercq, Commission Member with special responsibility for external relations and trade policy. Their discussions centred on relations between Eastern and Western Europe.

2.2.19. On 12 October Parliament adopted a resolution⁴ on the Commission's statement on the US Trade Act,⁵ in which it expressed deep concern about the effects of the Act, as it contains provisions for a unilateral redefinition of GATT principles

and a dangerous trend towards sectoral reciprocity. It therefore asked the US Congress and Administration to make sure that the implementation of this new legislation would not jeopardize the current GATT multilateral trade negotiations and would not lead to a deterioration in bilateral trade relations between the Community and the United States.

Austria

2.2.20. The annual ministerial consultations between the Commission and Austria were held in Brussels on 21 October with Mr De Clercq and Dr Alois Mock, Austria's Vice-Chancellor and Foreign Minister, as chairmen.⁶ The discussions concentrated on bilateral relations in view of the possibility of Austria applying to join the Community. More specific matters concerning transport, agriculture and research and development were covered during talks between the Austrian delegation and Mr Andriessen and Mr Marin, Commission Vice-Presidents.

Norway

2.2.21. The Norwegian Minister for Trade and Shipping, Mr Jan Balstad, had talks with Mr De Clercq about Norway's future relations with the Community. Norway will hold the chair of the EFTA Council in the first half of 1989 and intends to encourage the Prime Ministers of the EFTA countries to give fresh political momentum to the common EFTA approach towards the Community.

Liechtenstein

2.2.22. On 10 and 11 October Mr Hans Brunhart, Head of Government of Liechten-

¹ OJ 8, 22.1.1964; OJ L 136, 2.6.1988; Bull. EC 6-1988, point 2.2.10.

² Previous round: Bull. EC 9-1988, point 2.2.12.

³ Bull. EC 5-1986, point 2.2.16.

⁴ OJ C 290, 14.11.1988.

⁵ Bull. EC 7/8-1988, points 2.2.20 and 3.6.1 *et seq.*

⁶ Previous meeting: Bull. EC 10-1987, point 2.2.22.

stein, and Prince Nikolaus of Liechtenstein met Mr De Clercq. Talks were focused on improving cooperation between the Community and Liechtenstein as part of the follow-up to the Luxembourg Joint Declaration of April 1984.¹ Cooperation extends to areas outside the framework of a simple free trade area.

Liechtenstein is part of a customs union with Switzerland. It is also associated with EFTA by virtue of a special protocol to the Stockholm Convention, which established EFTA; the protocol provides, in particular, for Liechtenstein to be represented by Switzerland in customs matters. The free trade Agreements between the EEC and Switzerland and the ECSC and Switzerland also apply to Liechtenstein by virtue of additional Agreements.²

Relations with other countries and regions

Mediterranean countries

Cyprus

2.2.23. On 12 October the Commission sent a recommendation to the Council for a Decision to authorize negotiations for the conclusion of a third financial protocol with Cyprus. The Commission proposes that the financial package for the protocol should be based on the principles adopted for the third generation of protocols with the southern Mediterranean countries, i.e. that special loans should be replaced by an allocation of risk capital, grants and EIB loans.

Malta

2.2.24. On 11 October the Commission sent the Council a recommendation for a Decision authorizing negotiations for the conclusion of a third financial protocol with Malta. As in the case of Cyprus, the financial package is to be based on the principles adopted for the third generation of proto-

cols with the southern Mediterranean countries.

2.2.25. On 20 October the Commission sent the Council two recommendations for Decisions concerning the conclusion of a supplementary protocol³ to the EEC-Malta Association Agreement⁴ and of a protocol to that Agreement consequent on the accession of Spain and Portugal.⁵ The two protocols were initialled on 7 June.⁶

2.2.26. On 10 October the Commission decided to allocate ECU 5 million to finance a development project under the second EEC-Malta financial protocol.⁷ The aim is to undertake a number of support schemes in education, notably the construction of an engineering laboratory at the University, the setting-up of a data-processing training programme and the provision of training facilities.

Morocco

2.2.27. On 14 October the Council, acting on a proposal from the Commission,⁸ adopted the Regulation laying down the arrangements to be applied by Spain and Portugal to trade with Morocco;⁹ the Representatives of the Governments of the Member States, meeting within the Council, and the Commission, acting on a Commission proposal,⁸ adopted a Decision laying down the arrangements to be applied by Spain and Portugal to trade with Morocco for products falling within the ECSC Treaty.⁹

Tunisia

2.2.28. From 19 to 21 October Mr Cheys-on, Member of the Commission with spe-

¹ Bull. EC 4-1984, point 1.2.1 *et seq.*

² OJ L 300, 31.12.1972; OJ L 350, 19.12.1973.

³ COM(88) 581 final.

⁴ OJ L 61, 14.3.1971.

⁵ OJ C 294, 18.11.1988; COM(88) 582 final.

⁶ Bull. EC 6-1988, points 2.2.33 and 2.2.35.

⁷ OJ L 216, 5.8.1986; Bull. EC 7/8-1986, point 2.2.18.

⁸ Bull. EC 7/8-1988, point 2.2.31.

⁹ OJ L 287, 20.10.1988.

cial responsibility for Mediterranean policy, paid an official visit to Tunisia at the invitation of the Foreign Minister, Mr Escheikh. He was received by the President of the Republic and had talks with the Prime Minister, with the ministers responsible for planning, finance, agriculture, trade and industry, and with the Governor of the Central Bank. He also met other representatives of the political world.

The talks dealt mainly with political issues, including the Middle East and the Maghreb, the state of the Tunisian economy (with particular reference to the difficulties caused by drought and the locust invasion) and the possible impact of 1992 for Tunisia.

2.2.29. The Commission approved a grant of ECU 3 million as financing for an integrated rural development project at Sejnane under the third EEC-Tunisia financial protocol.¹

Egypt

2.2.30. The Commission approved under the third EEC-Egypt financial protocol² financing of ECU 1.7 million for a development project for the extension and development of electron microscopy.

Syria

2.2.31. On 14 October, acting on a proposal from the Commission,³ the Council adopted the Regulation laying down the arrangements to be applied by Spain and Portugal to trade with Syria;⁴ the Representatives of the Governments of the Member States, meeting within the Council, and the Commission, acting on a proposal from the Commission,³ adopted a Decision laying down the arrangements to be applied by Spain and Portugal to trade with Syria for products falling within the ECSC Treaty.⁴

2.2.32. On 12 October Parliament gave its assent⁵ to the conclusion of an additional protocol⁶ to the EEC-Syria Agreement⁷ and of a protocol to that Agreement, conse-

quent on the accession of Spain and Portugal.⁸

Israel

2.2.33. On 12 October Parliament gave its assent⁵ to the conclusion of a fourth additional protocol⁹ to the EEC-Israel Agreement,¹⁰ of a protocol to that Agreement consequent on the accession of Spain and Portugal¹¹ and of a protocol on financial cooperation with Israel.¹²

Countries of the Gulf and the Arabian Peninsula

Gulf Cooperation Council

2.2.34. On 20 and 21 October a second meeting was held between a delegation of the Gulf Cooperation Council (GCC) countries and the Commission to examine the possibility of opening negotiations on a trade agreement aimed at expanding and liberalizing trade between the two sides.¹³ Discussions were centred mainly on the four conditions agreed in the joint declaration on Article 11(2) of the Cooperation Agreement with the GCC member countries (conformity with the GATT, safeguarding the interests of the Community's refining and petrochemical industries, protection for the GCC's infant industries, and non-discriminatory access to the Community market for GCC petroleum products).¹⁴

¹ OJ L 22, 27.1.1988, Bull. EC 12-1987, point 2.2.31.

² OJ L 22, 27.1.1988; Bull. EC 12-1987, point 2.2.31.

³ Bull. EC 7/8-1988, point 2.2.31.

⁴ OJ L 287, 20.10.1988.

⁵ OJ C 290, 14.11.1988.

⁶ Bull. EC 3-1988, point 2.2.28.

⁷ OJ L 269, 27.9.1978.

⁸ Bull. EC 3-1988, point 2.2.22.

⁹ OJ C 104, 21.4.1987; Bull. EC 1-1987, point 2.2.11.

¹⁰ OJ L 136, 28.5.1975.

¹¹ Bull. EC 10-1987, point 2.2.24.

¹² Bull. EC 7/8-1987, point 2.2.30.

¹³ First meeting: Bull. EC 7/8-1988, point 2.2.33.

¹⁴ Bull. EC 6-1988, point 2.2.39.

Yemen Arab Republic

2.2.35. On 11 October the Commission sent the Council a communication accompanied by a recommendation for a Decision on the opening of negotiations with the Yemen Arab Republic with a view to concluding a protocol on financial and technical cooperation with the Community; this would be of the same kind as the protocol with the southern Mediterranean countries.

Asia

Singapore

2.2.36. The Community took part in the City Transport Exhibition held in Singapore from 11 to 13 October. The Community stand housed some 65 major European transport companies and presented European achievements and know-how in the field.

Bangladesh

2.2.37. On 27 October the Prime Minister of Bangladesh, Mr Moudud Ahmed, paid a visit to the Commission and was received by Mr Delors and Mr Natali. Their talks were mainly concerned with bilateral relations. The Prime Minister expressed his satisfaction at the aid provided by the Community for his country, particularly the emergency aid granted by the Commission in September.¹

He also took part in the 'Europe-Bangladesh Business Days', organized in conjunction with the Commission and held in Brussels on 27 and 28 October and in London on 31 October and 1 November. The aim was to present industrial projects chosen by Bangladesh to potential investors.

Viet Nam

2.2.38. On 28 and 29 October Mr Cheyson paid an official visit to Viet Nam. He was received by the Prime Minister, Mr

Do Muoi, and by other members of the government. The two parties took stock of bilateral relations, noting that an absence of diplomatic relations had not prevented non-governmental organizations from continuing to channel the Community's humanitarian aid or GSP trade concessions from being granted. It was also emphasized that the signature of the joint declaration on the establishment of official relations between the Community and the Council for Mutual Economic Assistance² would open the way to normal relations being resumed, including bilateral cooperation, as soon as the problem of Kampuchea had been resolved. The two sides also examined developments in Kampuchea and the prospects of a political solution in the area.

Hong Kong

2.2.39. Mr De Clercq, Member of the Commission with special responsibility for trade policy, visited Hong Kong on 7 October. He had talks with Mr Piers Jacobs, the Financial Secretary, and Mr Macleod, the Secretary for Trade and Industry. Together they examined the situation of Hong Kong against the backdrop of the colony's impending constitutional changes. They also surveyed international economic relations.

2.2.40. On 18 October Mr De Clercq and Lord Cockfield, Member of the Commission with special responsibility for the internal market, received Sir David Wilson, Governor of Hong Kong. They mainly discussed the single market, the Uruguay Round and the future status of Hong Kong. The two sides again confirmed their common wish to open a Community external delegation in Hong Kong.

2.2.41. On 26 October Parliament adopted a resolution³ on economic relations between the Community and the South Asian Association for Regional

¹ Bull. EC 9-1988, point 2.2.39.

² Bull. EC 6-1988, point 1.5.1 *et seq.*

³ OJ C 309, 5.12.1988.

Cooperation.¹ Parliament considered that SAARC made a vital contribution to securing and consolidating peace in the area, and hoped that relations between the Community and the Association would be intensified. It asked the Commission to examine the possibility of a cooperation agreement.

Latin America

2.2.42. On 14 October Parliament adopted a resolution on the celebration of the quincentenary of the discovery of America and the Seville 1992 World Exhibition (→ point 2.1.87).

Andean Group

2.2.43. The subcommittee on trade cooperation set up by the EEC-Andean Pact Joint Committee in April² held its first meeting in Lima on 27 and 28 October. At the meeting, the list of GSP requests from the Andean Group was examined in detail and opportunities for cooperation in the area of trade promotion were discussed.

Uruguay

2.2.44. The fourth meeting of the Joint Committee provided for by the EEC-Uruguay Agreement³ was held in Brussels on 24 and 25 October.⁴ The two sides exchanged views on international economic issues, took stock of developments in bilateral cooperation in 1987-88 and drew up a programme of cooperation for next year.

State-trading countries

2.2.45. On 13 October Parliament adopted a resolution on the Community's relations with the non-European members of the Council for Mutual Economic Assistance.⁵ It called on the Council and the Commission to make it clear that they are prepared to enter into bilateral negotiations with those countries when the time comes. In the case of Cuba, Parliament called attention to the Community's trade surplus and

asked the Commission to examine possibilities for opening up the Community market to Cuban products. It hoped to see trade relations with Mongolia stepped up and saw in Viet Nam an attractive potential market for Community trade. It urged the Community and its Member States to seek urgent solutions to the plight of Vietnamese refugees (→ point 2.2.38).

China

2.2.46. From 4 to 6 October Mr De Clercq was in China for the official opening of the Commission Delegation in Beijing.⁶ During his visit, Mr De Clercq was received by Mr Wu Xueqian, Vice-Premier, and by Mr Zheng Tuobin, Foreign Trade Minister. The two sides also signed a memorandum on the future organization of the work of the EEC-China Joint Committee, which will meet henceforth at ministerial level.

Czechoslovakia

2.2.47. A Trade Agreement between the Community and Czechoslovakia on industrial products was initialled in Brussels on 19 October.⁷ The four-year Agreement is non-preferential and will enable the Community to eliminate a number of specific quantitative restrictions affecting Czechoslovakia; it will also ensure improved access to the Czechoslovak market for Community products.

Development

ACP-EEC Convention

Renewal of the Convention

2.2.48. Negotiations for the renewal of the ACP-EEC Convention were officially

¹ Members: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

² Bull. EC 4-1988, point 2.2.26.

³ OJ L333, 4.12.1973.

⁴ Third meeting: Bull. EC 3-1987, point 2.2.22.

⁵ OJ C 290, 14.11.1988.

⁶ Bull. EC 3-1987, point 2.2.24.

⁷ Bull. EC 11-1986, point 2.2.24; Bull. EC 12-1987, point 2.2.39.

opened at a ministerial conference in Luxembourg on 12 and 13 October (→ point 1.3.1 *et seq.*).

Generalized tariff preferences

Scheme proposed for 1989

2.2.49. On 24 and 25 October the Council discussed matters pending with reference to the establishment of the scheme of generalized tariff preferences for 1989, but was unable to reach agreement on all points.¹

Commodities and world agreements

Coffee

2.2.50. On 2 October the International Coffee Council reached an agreement on quota levels and price arrangements for 1988/89.² The negotiations were concerned with the application for a second year of the quota allocation system which had been established in October 1987³ and had resulted in inadequate supplies of certain types of coffee on the market, leading to major price differentials. The consumer countries therefore wished to introduce the principle of selectivity. The Council agreed on an overall quota of 58 million bags, reduced to 56 million on the first day of the coffee year, to bring prices back within the USD 1.20 to 1.40/lb bracket. The Council approved a provisional adjustment system for the first quarter, based on selective increases, and an annual adjustment system which is also selective.

As the current Agreement⁴ expires in September 1989, the International Coffee Council decided to set up a negotiating group⁵ with a view to preparing a new draft international agreement for submission to the Council at its next meeting.

2.2.51. On 21 October the Commission sent the Council a recommendation for a Decision concerning the negotiation of the

new agreement referred to above.⁶ The aim of the recommendation is to present negotiating directives that could be supplemented in the light of developments. It takes as its starting point the importance of the coffee industry and coffee trade in Europe — with the Community and its Member States occupying a dominant position among the consumers — and the importance of coffee to the economies of a large number of producer countries in Africa, Latin America, Asia and the Pacific which have special relations with the Community.

Campaign against hunger in the world

Support for food strategies

2.2.52. On the initiative of the Commission and the Government of Bangladesh, and in addition to the various aid measures already adopted following the disasters which have struck Bangladesh⁷ (→ point 2.2.57), a seminar on food strategies in Bangladesh was held in Dhaka from 8 to 10 October. Its purpose was to review the issues involved in planning and implementing an effective food strategy. Attended by senior government officials, researchers and specialists, it provided a forum for discussion of food policies and programmes implemented in Bangladesh since independence, identified the problems which the country will have to face if it is to become self-sufficient in food over the next 25 years, assessed the policy changes needed to attain this objective, and thus contributed to the task of establishing a coordinated long-term strategy.

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¹ Bull. EC 6-1988, point 2.2.54.

² Bull. EC 6-1988, point 2.2.55.

³ Bull. EC 10-1987, point 2.2.44.

⁴ Bull. EC 6-1983, point 2.2.58; Bull. EC 9-1983, point 2.2.33.

⁵ Bull. EC 7/8-1988, point 2.2.45.

⁶ COM(88) 584 final.

⁷ Bull. EC 9-1988, points 2.2.38 and 2.2.39.

2.2.53. On 28 October Parliament passed a resolution on cooperatives and the cooperative movement in development policy.¹ The resolution noted that this type of organization, which was in tune with the population's basic needs, seemed well suited to provide development in accordance with local requirements, particularly in agriculture. Parliament therefore called on the Commission to take steps to support cooperatives, notably under the new ACP-EEC Convention.

Food aid

2.2.54. The Commission decided to support the programme set up by the Algerian authorities to offset the effects of the unprecedented drought which affected farms throughout Algeria in 1988. As is its systematic practice both within the Community and elsewhere, the Community is showing solidarity with the victims. In Algeria's case this will take the form of immediate supply of food products: 15 000 tonnes of cereals, 750 tonnes of milk powder, 500 tonnes of butteroil, 1 200 tonnes of olive oil, 800 tonnes of sugar and about 1 800 tonnes of legumes. The total value of these products is estimated at ECU 10.7 million.

Emergency aid

Central America

2.2.55. Following the major destruction caused by Hurricane Gilbert and the torrential rains which struck the region, bringing particular hardship to the people of Mexico, El Salvador, Guatemala, Honduras and Haiti, the Commission approved on 5 October a credit line worth ECU 300 000. This is intended to finance immediate aid programmes in response to urgent requests from the countries involved (health programmes, clearing-up operations, distribution of essential supplies, etc.).

Central and South America

2.2.56. Following the disaster caused by Hurricane Joan and by torrential rains in

Central and South America (in particular Nicaragua), the Commission approved on 27 October an emergency credit of ECU 500 000. It will be used to finance emergency aid programmes carried out by humanitarian organizations concerning health, shelter, clearing-up work, etc.

Bangladesh

2.2.57. The Commission authorized emergency aid of ECU 900 000 for Bangladesh to meet the country's extensive needs following the floods in August. This aid, which is for a Community emergency programme centred on medical services, is to be provided by various NGOs under the auspices of the Commission Delegation. It follows the ECU 500 000 of aid granted in 6 September.²

Iraq and Turkey

2.2.58. To cope with the recent influx of displaced persons from Iraq into Turkey and Iran, and following requests from the Turkish Government in the first case and the International Committee of the Red Cross (ICRC) in the second, the Commission decided to provide aid as follows:

ECU 500 000, through the Turkish Red Crescent Society, to finance the rebuilding of stocks (in particular tents and blankets) to meet the needs of displaced persons from Iraq in Turkey (28 October);

ECU 250 000, through the ICRC, to finance the purchase and distribution of blankets, kitchen equipment, groundsheets, staff and transport costs, etc. for displaced persons from Iraq in Iran (31 October).

Jamaica

2.2.59. On 13 October Parliament adopted a resolution on aid for Jamaica following Hurricane Gilbert.³ Expressing

¹ OJ C 309, 5.12.1988.

² Bull. EC 9-1988, point 2.2.39.

³ OJ C 290, 14.11.1988.

its sympathy with the victims of this disaster, it welcomed the emergency aid already supplied by the Community¹ and called on the Commission and the Member States to step up their support to Jamaica at this critical time, notably by using the various possibilities provided by Lomé III.

Aid to promote self-sufficiency of refugee groups

2.2.60. On 11 October the Commission decided to provide ECU 3 million to improve the economic and social situation of the Palestinian population of the West Bank and the Gaza Strip. This sum will be divided between measures to raise wages and create jobs in agriculture, industry and services, and action to improve the quality of medical care. This aid follows the ECU 1 million already provided since the beginning of the year to support various NGO projects, and the Community aid provided to UNRWA in 1988 under the Sixth EEC-UNRWA Convention,² amounting to ECU 38.3 million.³

Stabex

OCTs

2.2.61. On 28 October the Commission sent the Council a proposal for a Decision⁴ to reduce the amounts of transfers calculated pursuant to Decision 86/283/EEC of 30 June 1986 on the association of the OCTs with the Community.⁵ French Polynesia requested a transfer for 1987 with respect to copra oil, and on examination the transfer payable proved to be ECU 1 348 954, exceeding the ECU 800 000 available for 1987. It is therefore proposed that the latter amount be taken as the transfer basis.

ACP Protocols

Sugar

2.2.62. At its meeting on 25 and 25 October, the Council approved, on a pro-

posal from the Commission,⁶ the replies to be made to the applications by Papua New Guinea and Zambia to accede to Protocol 7 (on ACP sugar) to the third Lomé Convention.⁷ Accession will be possible, with agreed quantities of zero, on condition that a technical examination establishes the capacity of the countries concerned to fulfil on a permanent basis the obligations imposed by the Protocol, and that the States which are currently signatories to the Protocol also accept this approach.

2.2.63. On 26 October the Commission sent the Council a proposal for a Decision on the conclusion of the Agreements in the form of an exchange of letters negotiated by the Community with the ACP States concerned and India on the guaranteed prices for cane sugar for the 1988-89 delivery period.⁸

Financial and technical cooperation

Cofinancing of development projects and programmes

2.6.64. As part of a programme for industrial cooperation with the countries of Latin America, Asia and the Mediterranean,⁹ the Commission signed on 10 and 12 October two financing agreements with the Inter-American Development Bank and the Banco Español de Crédito respectively, taking the number of such agreements to 11.¹⁰

ACP States

2.2.65. In October the Commission decided to allocate resources from the

¹ Bull. EC 9-1988, point 2.2.44.

² Bull. EC 6-1987, point 2.2.45.

³ Bull. EC 6-1988, point 2.2.64.

⁴ COM(88) 575 final.

⁵ OJ L 175, 1.7.1986; Bull. EC 6-1986, point 2.2.51.

⁶ Bull. EC 1-1988, point 2.2.28.

⁷ OJ L 86, 31.3.1986.

⁸ COM(88) 304 final.

⁹ Bull. EC 6-1987, points 2.2.14 and 3.6.1.

¹⁰ Bull. EC 6-1988, point 2.2.67; Bull. EC 7/8-1988, point 2.2.61; Bull. EC 9-1988, point 2.2.43.

fourth, fifth and sixth EDFs totalling ECU 261 410 000 to finance programmes, pro-

jects and emergency aid operations which it administers (see Table 5).

Table 5 — *Financing of fourth, fifth and sixth EDF operations*

		<i>million ECU</i>	
Sector/country	Project/programme	Amount	
		Grants	Loans
<i>Economic infrastructure</i>			
Netherlands Antilles	Airport	2.000	
Jamaica	Restoration of a wharf	1.500	
Cameroon	Roads	18.600	39.400
<i>Rural production</i>			
Burkina Faso	Agricultural irrigation	2.100	
Papua New Guinea	Improving access to rural areas	1.700	5.500
Mauritius	Agriculture	4.000	4.000
Kenya	Stock-farming	9.000	
Somalia	Sectoral import programme	15.000	
Saint Lucia	Agriculture	3.645	
Cameroon	Agriculture	15.000	
Mauritania	Integrated project centred on agriculture	35.000	
Benin	Integrated project centred on agriculture	32.500	
<i>Industrialization</i>			
Mauritius	Handicrafts	1.900	
Madagascar	Integrated projects centred on energy	5.000	
Mali	Integrated projects centred on energy	25.000	
<i>Social development</i>			
Senegal	Urban renewal	2.000	
Gambia	Improvement of technical education	0.700	
Netherlands Antilles	Urban renewal	6.000	
New Caledonia	Educational infrastructure	0.165	
Jamaica	Water supply	6.700	
ACP States and OCTs	Short courses and advanced training	1.200	
<i>Trade promotion</i>			
Pacific ACP States	Tourism	7.400	
<i>Other</i>			
Niger	Sectoral import programme for medicines and educational materials	14.000	
Djibouti	Support for the information sector	1.100	
<i>Emergency aid</i>			
Various African countries	Locust control	0.650	
Various African countries	Locust control	0.650	
Total		212.510	48.900

Latin American and Asian developing countries

2.2.66. On 27 October Parliament adopted a resolution on cooperation between the Community and the developing countries of Latin America and Asia.¹

Parliament called for the adoption and implementation of an effective strategy of cooperation with the non-associated developing countries. This strategy should be more differentiated and should emphasize industrial and trade cooperation, including its financial and technical aspects, encourage exports from Third World countries while ensuring that the common agricultural policy and the completion of the internal market do not harm their interests, contribute to resolving the debt problem, help with the search for new financial instruments to provide investment funds and encourage regional cooperation. Parliament called on the Commission to direct financial and technical assistance to the poorest, while helping strengthen democratic institutions and aiding governments which have undertaken to combat drug trafficking. It noted that the creation of separate budget headings for Asia and Latin America showed the Community's will to develop a differentiated political strategy, and called for a further considerable increase in the financial and human resources allocated to cooperation.

Financing decision

2.2.67. On 31 October, having received a favourable opinion from the Committee on Aid for Latin American and Asian Developing Countries, the Commission decided to finance the following operation under Article 930 of the Community budget:

India: irrigation systems using reservoirs, Tamil Nadu, phase II (total cost ECU 33.2 million, EEC contribution ECU 24.5 million; autonomous project).

Cooperation via non-governmental organizations

2.2.68. From 1 January to 31 October the Commission committed ECU 58 million for

the cofinancing in developing countries of 385 projects put forward by 155 NGOs.

The Commission also contributed ECU 6 261 809 for 93 operations aimed at increasing European public awareness of development issues.

*

2.2.69. On 27 October Parliament adopted a resolution on combating and preventing blindness in the Third World.¹ Stressing the extent of this handicap in many areas of Asia, Africa and Latin America, resulting essentially from undernourishment, lack of hygiene and insufficient protection against infectious diseases, Parliament called on the Commission, in close cooperation with NGOs, to put forward proposals for contributing to the fight against blindness, in particular in the areas of prevention, food and medical research.

*

Visits

2.2.70. On the occasion of the opening of negotiations for the new ACP-EEC Convention ((→ point 1.3.1 *et seq.*), several ministers from ACP States visited the Commission: Mrs D. Mbogoro, Tanzanian Minister of State for Finance, Economic Affairs and Planning; Mr B.M. Barque, Togolese Minister for Planning and Mines; Mr Aklilu Afework, Minister, Secretary of Ethiopia's Foreign Economic Relations Committee; Mr P. Moussa, Congolese Minister for Planning and Finance; and Mr J. Brito, Cape Verde's Deputy Minister for Planning and Cooperation.

2.2.71. Mr P. Mocumbi, Mozambique's Minister for Foreign Affairs, was received by Mr Natali on 18 October. Mr Mocumbi expressed appreciation for the support provided by the Community to his country, where, he said, peace was impossible without development. He pointed to signs of

¹ OJ C 309, 5.12.1988.

improvement in the economic and security position, though the situation remained serious. Mr Natali and Mr Mocumbi discussed recent developments in southern Africa, agreeing that the quadripartite talks were a step towards independence for Namibia. Mr Mocumbi stressed that lasting peace in southern Africa depended on the ending of apartheid in South Africa, and thanked the Commission for its support for this position.

2.2.72. On 24 October Mr Natali received Mr P. Stenbäck and Mr H. Schmitz-Wenzel, Secretary-General of the League of Red Cross and Red Crescent Societies and Secretary-General of the German Red Cross respectively. For Mr Stenbäck, who was elected in November 1987, the visit was his first contact with the Commission. Mr Natali and his visitors noted that working relations in the field in several African and Asian countries were excellent, especially in Ethiopia and Malawi. Mr Natali was in principle open to his visitors' wish that the Red Cross should play a greater part in the implementation of the new ACP-EEC Convention should circumstances allow.

International organizations and conferences

United Nations

Code of Conduct for Liner Conferences

2.2.73. On 24 October the Commission transmitted to the Council a recommendation for a Decision authorizing the Commission to propose an amendment to the United Nations Convention on a Code of Conduct for Liner Conferences with a view to making it possible for the Community to accede to the Convention (→ point 2.1.185).

General Agreement on Tariffs and Trade

Council

2.2.74. A special meeting of the GATT Council was held in Geneva on 19 October to discuss a report prepared by the GATT Secretariat that singles out two particular factors in the world economy that influence trade: the globalization of markets due to technological advance and the economic and trade issues related to current population trends. The Council also discussed the new US Omnibus Trade and Competitiveness Act,¹ the single European market of 1992 and the debt crisis of developing countries.

Council of Europe

Parliamentary Assembly

2.2.75. The Commission took part in the work connected with Community activities at the 40th session of the Parliamentary Assembly of the Council of Europe, which was held in Strasbourg from 3 to 8 October² and concentrated on questions relating to social problems, health and family affairs including the fight against drugs and the draft revised European Code of Social Security.

Following a report by Mr Mayor, Director-General of Unesco, on the reforms under way there, the Assembly adopted a resolution urging the governments of the United Kingdom, the United States and Singapore to rejoin the organization.³

In presenting his annual report on the activities of OECD, Mr Paye, the OECD Secretary-General, said that the economic outlook was more optimistic than the stock exchange crisis of October 1987 might have

¹ Bull. EC 7/8-1988, points 2.2.20 and 3.6.1 *et seq*; Bull. EC 9-1988, point 2.2.54.

² Previous session: Bull. EC 5-1988, point 2.2.57.

³ Twentieth General Report, point 963.

given reason to expect. He listed the following three positive points: the rise in growth rates, control of inflation and falling unemployment.

Mr Tabone, Chairman of the Council of Europe's Committee of Ministers, presented a communication in which he described the cooperation between the Council of Europe and the Community in the light of the exchange of letters of 16 June 1987¹ and referred to the Commission's part in the negotiations held on 28 September concerning the draft European Convention on transfrontier television.²

The highlight of the session was the speech by Pope John Paul II, who said that Europe must look to its roots to find a common spirit to pave the way for the future and lead Europeans towards universal natural solidarity, particularly towards countries of the South.

2.2.76. The closure of the North-South campaign was marked by a conference held in Paris on 10 and 11 October.³ An assessment was made of the campaign, which had been officially launched in 22 European countries by King Juan Carlos of Spain on 26 January with a view to drawing the attention of the European public and its elected representatives to the issues raised by relations between industrialized countries in the north and developing countries in the south. A programme of activities was organized, including national and European round-table talks, international conferences and numerous activities in the fields of politics, culture, education and the media. The Commission made a substantial contribution to this campaign (ECU 1.9 million), notably via the cofinancing of operations organized by NGOs and by its contribution to the central organization of the campaign at European level.

Conference on Security and Cooperation in Europe

2.2.77. The coordinators in the different fields of CSCE negotiations⁴ presented

draft versions of the text of the final Vienna document, based on the text which was drawn up in May⁵ following negotiations between neutral and non-aligned participating States (NNA). The conference, which is now entering its final phase, will pursue negotiations on the basis of these drafts.

As regards basket II (economic cooperation), the coordinators' draft properly reflects the community's interests and is an improvement on the one proposed by the NNA⁵ in the fields of trade and industrial cooperation, science and technology, environment, transport and tourism, though not on migrant workers.

The CSCE must now decide on the nature, number and venue of the meetings which are to be held to follow up Vienna, particularly a human rights meeting in Moscow in 1991.

Diplomatic relations

2.2.78. The following ambassadors presented their letters of credence to the President of the Council and the President of the Commission. Their appointments took effect on the dates shown.

27 September

HE Mr Munir bin Abdulnabi bin Yousuf Makki, Head of Mission of the Sultanate of Oman to the European Communities.

17 October

HE Mr Munir Akram, Head of Mission of the Islamic Republic of Pakistan to the European Communities; HE Mrs Siba Nasser, Head of Mission of the Syrian Arab Republic to the European Communities; HE Mr Houssein M. El Kamel, Head of Mission of the Arab Republic of Egypt to the European

¹ OJ L 273, 26.9.1987; Bull. EC 6-1987, point 2.2.56.

² Bull. EC 9-1988, point 2.2.56.

³ Bull. EC 1-1988, point 2.2.35; Bull. EC 5-1988, point 2.2.57.

⁴ Previous meeting: Bull. EC 9-1988, point 2.2.57.

⁵ Bull. EC 5-1988, point 2.2.59.

Communities; HE Mr Emilio José de Carvalho Guerra, Head of Mission of the People's Republic of Angola to the European Communities; HE Mr Francis Kirimi Muthaura, Head of Mission of the Republic of Kenya to the European Communities; HE Mr Kiseke Seka Kabala, Representative of the Republic of Zaire to the EEC.

25 October

HE Mr José-Maria Pehoua, Representative of the Central African Republic to the EEC, Head of Mission to the ECSC and Euratom; HE Mr Kaliopate Tavola, Head of Mission of Fiji to the European Communities.

3. Financing Community activities

Budgets

General budget

Preliminary draft budget for 1989

2.3.1. On 25 October the Commission sent the budgetary authority letter of amendment No 1/89¹ to the preliminary draft general budget of the European Communities for 1989,² together with the technical annexes.

This move was prompted by the new situation which had emerged after the preliminary draft was drawn up. As Table 6 shows, the main features are as follows:

Revenue

The provisional balance of the 1988 budget has been reassessed: traditional own resources are expected to yield an estimated ECU 652 million more than was entered in supplementary and amending budget No 1/88;³ the VAT balances from previous years are reassessed at ECU 51 million; in addition, the Commission estimates that some ECU 1 300 million, including ECU 1 000 million for the EAGGF Guarantee Section, will lapse at the end of 1988.

The amount of traditional own resources accruing in 1989 has been revised upwards by ECU 405 million.

The final balance for 1987 is higher than estimated in the 1988 budget.⁴

Expenditure

EAGGF guarantee requirements for 1989 have been revised downwards by ECU 1 373 million as a result of changes in world agricultural prices and the production levels for certain products.

The overall effect of all these changes is to produce a very substantial reduction in the payments of the fourth resource⁵ to be made by the Member States.

¹ COM(88) 601 and addendum.

² Bull. EC 6-1988, point 2.3.3.

³ Bull. EC 6-1988, point 2.3.2.

⁴ OJ L 226, 16.8.1988; Bull. EC 5-1988, points 2.3.1 to 2.3.3.

⁵ Bull. EC 2-1988, point 1.1.1 *et seq.*; OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.5.

Table 6 — Summary of changes proposed to the preliminary draft budget for 1989

million ECU

	Preliminary draft	Letter of amendment	New amounts
<i>Revenue</i>			
Provisional budget balance from 1988	token entry	2 002.98	2 002,98
Remainder of budget balance from 1987	token entry	21.56	21.56
Traditional own resources	11 945.95	405.55	12 351.50
VAT	26 291.84	- 72.74	26 219.10
Additional resource:			
General expenditure	6 928.22	- 3 803.19	3 125.03
EAGGF monetary reserve	1 033.09	—	1 033.09
Other	276.66	—	276.66
Total	46 475.76	- 1 445.84	45 029.92
<i>Expenditure</i>			
EAGGF guarantee	28 190.00	- 1 373.00	26 817.00
Repayments — Spain and Portugal	1 243.91	- 72.84	1 171.07
Total	46 475.76	- 1 445.84	45 029,92

Draft budget for 1989

2.3.2. At its 27 October sitting Parliament gave the first reading to the 1989 draft budget,¹ as updated by the Commission's letter of amendment No 1/89.

Table 7 shows the total appropriations in the draft budget after incorporation of the amendments and proposed modifications and a breakdown of the appropriations by sector.

In its resolution² Parliament confirmed its intention to respect in its first reading the ceilings for expenditure in the individual sectors contained in the financial perspective attached to the Interinstitutional Agreement.³ With regard to agricultural expenditure, Parliament adopted by a large majority a proposed modification to the

EAGGF Guarantee Section titles making the same reductions as in the Commission's letter of amendment No 1/89, so the draft budget would take account of the new situation and present a realistic picture of the expenditure. As regards other expenditure, Parliament largely complied with the Commission's proposals in its preliminary draft and reinstated the amounts cut by the Council.⁴ The votes on the various amendments revealed Parliament's main priorities, including transport programmes, the strengthening of the European social area, various environmental protection and cultural programmes and food aid.

¹ Bull. EC 7/8-1988, point 2.3.6.

² OJ C 309, 5.12.1988.

³ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.8.

⁴ Bull. EC 6-1988, point 2.3.3.

Table 7 — 1989 budget procedure,
expenditure by area

(million ECU)

	Preliminary draft 1989 ¹		Council first reading		Parliament first reading	
	Commitments	Payments	Commitments	Payments	Commitments	Payments
1. EAGGF Guarantee Section (Titles 1 and 2)	26 817	26 817	28 107	28 107	27 017	27 017
2. Repayments — old stocks (Chapter 81)	1 449	1 449	1 449	1 449	1 449	1 449
3. Monetary reserve (Chapter 102)	1 000	1 000	1 000	1 000	1 000	1 000
4. Set-aside and income support (Chapter 39)	100	100	100	100	100	100
5. Structural Funds:						
— EAGGF Guidance Section (Chapter 30)	1 413	1 384	1 413	1 369	1 413	1 384
— ERDF (Chapter 50)	4 495	3 920	4 495	3 920	4 495	3 920
— ESF (Chapter 60)	3 387	2 970	3 387	2 950	3 387	2 950
6. Pedip (Article 553)	100	80	103.5	80	103.5	80
7. IMPs (Chapter 55, except Article 553)	264	262	263.7	249.767	263.7	261.767
8. Agriculture (Chapter 38)	86	83	83.05	80.661	86	82.999
9. Miscellaneous regional (Chapter 54)	20,2	26,1	17	23.524	22.7	28.6
10. Miscellaneous social (Chapters 63, 64, 69)	219.64	228.74	207.466	215.349	248.361	257.461
11. Transport (Chapter 58)	67.35	37.35	44.4	22.4	72.35	42.35
12. Environment (Chapter 66)	43.885	38.685	24.85	25.319	45.985	39.01
13. Information and culture (Chapter 67)	38.33	36.33	31.63	29.997	36.98	34.98
14. Fisheries (Title 4)	361.1	395.6	360.7	378.88	360.8	392.3
15. Energy (Chapters 70, 71)	137.83	125.83	134.78	120.167	136.98	121.5
16. Research (Chapter 73)	1 449,982	1 200,55	1 401.332	1 182.469	1 453,882	1 196,504
17. Innovation, internal market (Chapters 75 to 79)	185,865	152,837	151,699	121,65	174,093	140,592
18. Development (Title 9)	1 303,207	1 084,907	1 110,017	950,572	1 232,107	1 025,896
19. Administration (Part A)	1 425,613	1 425,613	1 371,022	1 371,022	1 416,392	1 416,392
20. Other institutions	736,165	736,165	731,66	731,66	733,639	733,639
21. Repayments to Member States (Title 8, except Chapter 81)	1 471,211	1 471,211	1 527,046	1 527,046	1 502,58	1 502,58
22. Reserve (Chapter 101)	5	5	token entry	token entry	token entry	token entry
Total	46 575,779	45 029,919	47 514,853	46 005,486	46 751,049	45 176,571

¹ Including letter of amendment No 1.

2.3.3. Parliament also adopted a resolution¹ on the draft general budget² for Sections I (Parliament), II (Council — Economic and Social Committee), IV (Court of Justice) and V (Court of Auditors), in which it urged that the budgets of all the institutions be examined in the framework of

the financial perspective provided for in the Interinstitutional Agreement³ and that the institutions improve the coordination of

¹ OJ C 309, 5.12.1988.

² Bull. EC 7/8-1988, point 2.3.6.

³ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.3.

their administrative expenditure by planning it within a multiannual framework.

Implementation of the budget

2.3.4. On 7 October the Commission sent the budgetary authority a report on the implementation of the 1988 budget at 31 August,¹ containing additional information in accordance with paragraph 19 of Parliament's resolution on the discharge for 1983² (Notenboom procedure) and the outlook for the rest of the financial year.

Own resources

2.3.5. On 26 October Parliament gave its opinion³ on the proposal for a Regulation on the definitive uniform arrangements for the collection of VAT own resources⁴ and adopted a number of amendments on technical and legal points.

ECSC operating budget

2.3.6. On 4 October the ECSC Consultative Committee adopted a resolution⁵ on the fixing of the ECSC levy rate and on the drawing-up of the ECSC operational budget for 1989⁶ in which it confirmed its categorical opposition to any increase in the ECSC levy and proposed that ECSC reserves should be subject to a new evaluation.

Financial operations

ECSC

Loans raised

2.3.7. In October the Commission made a number of private placings in marks and French francs for the equivalent of ECU 13.3 million.

Loans paid out

2.3.8. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made the following loans in October, totalling ECU 35.2 million.

Industrial loans

2.3.9. Industrial loans (Article 54) amounting to ECU 4.9 million were paid out to Italy.

Conversion loans

2.3.10. Conversion loans (Article 56) totalling ECU 28.4 million were paid out to Italy, the Netherlands and the United Kingdom.

Workers' housing

2.3.11. Housing loans amounted to ECU 1.9 million for steelworkers and mineworkers in France, Germany, Ireland, Italy, Spain and the United Kingdom.

2.3.12. On 4 October the ECSC Consultative Committee adopted a resolution on the implementation of an 11th housing programme in which it asked for the continuation of measures in favour of workers' housing and suggested that the Commission revise the conditions on which loans may be granted for rebuilding.⁵

EEC-NCI

Loans raised

2.3.13. In October the Commission raised ECU 5 million further to the public issue of ECU 115 million made in September on the same terms.⁷ It also made a private placing in yen for the equivalent of ECU 15.7 million.

¹ COM(88) 490.

² OJ C 122, 20.5.1985; Bull. EC 4-1985, point 2.3.6.

³ OJ C 309, 5.12.1988.

⁴ OJ C 128, 17.5.1988; Bull. EC 3-1988, point 2.3.5.

⁵ OJ C 277, 27.10.1988.

⁶ Bull. EC 6-1988, point 2.3.20.

⁷ Bull. EC 9-1988, point 2.3.9.

4. Political and institutional matters

European political cooperation

2.4.1. On 7 October the Twelve issued the following statement on the plebiscite in Chile:

Plebiscite in Chile

'The Twelve, who have constantly supported an early and orderly restoration of democracy in Chile, welcome the result in Wednesday's plebiscite, as a first step towards the establishment of democracy in Chile.

The Twelve take note of the assurance of the Chilean Government that it will fully respect the expressed will of the people. They also urge the Government to precede to a dialogue with the democratic opposition, thus facilitating a full restoration of democracy in Chile.

The Twelve believe that for the attainment of that goal, full respect of human rights and civil liberties is necessary, and that all parties should exercise self-restraint during this delicate and transitory period.

On this occasion, which could augur a new era for Chile, the Twelve wish to pay special tribute to the courage and tenacity shown by the Chilean people in their endeavour to obtain the return of democracy in their country.'

2.4.2. On 11 October the Twelve issued the following statement on the situation in Sudan:

Situation in Sudan

'The Twelve express their grave concern about the situation in Sudan and call on all parties to allow relief supplies — especially food — to be speedily delivered to the needy, to support ICRC in its plan of action and to open the road to peace. This is the only way to relieve suffering and to enable Sudan to recover socially and economically from its present crisis.'

2.4.3. On 24 October the Twelve adopted in Luxembourg the following joint declarations on the Horn of Africa and Namibia:

Horn of Africa

'The Twelve have been monitoring closely developments in the Horn of Africa. They wish to see

conditions for peace, security, stability and social and economic development prevail in an important region of Africa, and one where the Twelve have long-standing ties and interests. In this connection, the Twelve are determined to pursue their constructive role in the area.

They reiterate their conviction that problems in the region can only be solved by peaceful means and through negotiated political settlements, based on respect for territorial integrity, independence and the other principles of the UN Charter, ensuring where appropriate the full exercise of effective and genuine forms of regional autonomy.

On this basis, they welcome the 3 April 1988 Agreement between Ethiopia and Somalia. They have been encouraged by the progress made in this framework and urge the two countries to pursue the settlement of the remaining border questions.

They also express their satisfaction at the improvement of relations between Ethiopia and Sudan and call on the parties to take further steps which could lead to constructive cooperation between the two countries.

Nevertheless, the Twelve remain concerned about the persistence of internal conflicts and the resulting hardship and loss of human lives. They urge the governments concerned to take further steps to achieve the peaceful settlement of these conflicts, through a genuine process of national reconciliation. They further urge these governments to ensure respect for human rights in their countries. In this context they welcome recent releases of political prisoners in Ethiopia.

The Community and its Member States also remain deeply concerned at the extent of food shortages, human suffering as well as at the terrible plight of refugees. They have already provided massive food and other emergency aid, in addition to their considerable contribution in development assistance. They will continue this course of action, with the aim of promoting long-term development based on sound economic strategies. In this connection the Community and its Member States attach importance to regional cooperation, Igadd being a good example.

Finally the Twelve reaffirm their wish to pursue an active dialogue with the countries of the regions.'

Namibia

'The Twelve remain committed to Namibia's independence in accordance with the United Nations Settlement Plan endorsed by Security Council Resolution 435(1978) and have repeatedly called for

its implementation without further delay of conditions. In this respect, they reiterate their wholehearted support for the important role and efforts of the Secretary-General of the United Nations.

The Twelve express their satisfaction at the ongoing negotiations between Angola, Cuba and South Africa, mediated by the United States, which they support, and are gratified with the encouraging progress achieved so far. They wish that these developments will make the early implementation of Resolution 435 possible.

The Community and its Member States have already provided the Namibian people with assistance in various fields, including educational, training and professional secondment aid, humanitarian aid and self-help projects in favour of Namibian refugees, as well as support for victims of apartheid there. They reiterate their readiness to continue and, if necessary, expand their aid to the Namibian people with a view to securing a smooth transition to independence.

Furthermore, the Community and its Member States reaffirm their intention to assist Namibia economically in a substantial way once it becomes independent. In this connection, they are looking forward to receiving from an independent Namibia an application for association to the Lomé Convention.

Human rights and fundamental freedoms

2.4.4. On 13 October, at its first part-session of the month, Parliament passed the following resolutions:¹

The situation of Protestant Christians in Romania. Parliament called on the Romanian authorities to respect freedom of religious belief and practice and to abandon their policy of razing villages and their churches. It also urged them to freed the Baptist Nestor Popescu, who was being held in a psychiatric hospital. Parliament advocated the suspension of all trade privileges granted by the Community to Romania until Romania gave evidence that it was complying with international human rights obligations.

The rights of individuals in the USSR. Parliament argued that *glasnost* and *perestroika* have little meaning if they do not include respect for human rights, which is

officially guaranteed by the Soviet Constitution, and accordingly urged the authorities to release all prisoners of conscience, including the persons mentioned in the resolution.

The arrest of the trade unionist Machmoud Masrawi in Israel. Parliament called for the immediate release of Machmoud Masrawi, who, following his arrest on 17 July 1988 by the Israeli secret police, had been mistreated in prison — where more than 10 000 Palestinians are being detained for political reasons. It condemned the aggressive intervention by the Israeli authorities and the use of plastic bullets. Parliament also called for respect for human rights, the right to be represented by a lawyer of one's own choice and for all legal proceedings to be held in public in Israel and the occupied territories. In addition, it called for the charges brought against Machmoud Masrawi to be made public.

Violations of human rights in Syria. Parliament condemned the Syrian Government, which was taking no action against the human rights violations and torture denounced in the Amnesty International report. It called on Syria to respect its own Constitution and the International Convention on Civil and Political Rights, to which Syria had acceded, and asked it to guarantee legal representation for the accused and to ensure that torture and ill-treatment were severely punished.

Violation of human rights in Iran. Parliament called on the Iranian Government to do all it could to ensure respect for human rights, in particular by releasing all prisoners of conscience, establishing a time-limit for the detention incommunicado of political prisoners, guaranteeing the right to be represented by a lawyer of one's own choice and to medical care, impartial trials without delay and the right of appeal. It also asked Iran to put an end to torture, amputations and executions. Parliament hoped that independent humanitarian organizations would be able to visit Iran

¹ OJ C 290, 14.11.1988.

and inform the Government of their concern on matters of human rights.

Recent events in Afghanistan and Pakistan. Parliament expressed its concern at the continuation of bombing raids directed at the civil population of Afghanistan, the violations of Pakistani territory and the fate of 5 million Afghan refugees, and called on the Soviet Union to complete the withdrawal of all its forces by 1 February 1989 as required by the Geneva accords. It urged the authorities in Kabul to release Dr Benno Splieth and the nurse Lea Hackstedt and appealed to the Foreign Ministers to secure the implementation of the Geneva accords. Parliament also warned against any outside attempt to destabilize Pakistan.

Oppression in Burma. Parliament saluted the courage of those struggling to establish democracy and respect for human rights in Burma. It condemned those responsible for the massacre of students, unarmed demonstrators and prisoners and urged the governments of the Member States which send arms and munitions to Burma to stop doing so. It also called on all Member States to cooperate in promoting initiatives to establish peace and democracy in Burma.

Failure to bring murderers to justice in Brazil. Parliament was prompted by the fact that virtually all those responsible for the murder of a thousand or so smallholders in the last five years are still at liberty and that as the peasants organize themselves in communities the number of political murders is rising to call on the Brazilian Government, together with the country's regional and local authorities, to draw up a national programme to investigate the murders in close cooperation with the judiciary.

Result of the constitutional plebiscite in Chile. Parliament congratulated the Chilean people on the handling of the plebiscite and on the triumph of the 'No' vote, and expressed its support for the political parties and other groups in their efforts to negotiate with the government and the armed forces, with a view to the holding of free, democratic elections. It called on the Chilean Government to release all political pris-

oners and guarantee respect for basic human rights and freedoms. It urged the Commission, the Council and the Foreign Ministers meeting in political cooperation to adopt such measures as would encourage the transition to democracy in Chile, taking account of trade relations as a whole and the requirements for technical and economic cooperation dictated by the country's present state of development.

The murder of seven persons in Nicaragua. Parliament, concerned that the negative attitude of the Contras is forcing the Nicaraguan Government to take a tougher line in complying with the Esquipulas II peace agreement and that opposition leaders have been the victims of acts of violence, called on the Nicaraguan Government to try and track down the killers of the seven people — including four children — murdered on 19 July, and those responsible for other acts of violence.

Human rights violations in El Salvador. Parliament drew attention to the situation of a million and a half Salvadorean refugees, some of whom are at the mercy of the Honduran army, and condemned the acts of repression carried out by the governments of El Salvador and Honduras against refugees returning home, the murders perpetrated by the soldiers and all the violations of human rights. It called on both governments to observe the Esquipulas II agreements and to secure the free passage and personal safety of refugees returning to the country. It condemned the hold-up and threats to which a group of Europeans had been subjected on 13 August. Parliament called on the Office of the United Nations High Commissioner for Refugees to publicly condemn these violations of international standards. It also asked the Commission and the Council to make development cooperation appropriations for El Salvador and Honduras conditional on respect for human rights, and to allocate part of the money for structural improvements and better living conditions in the resettlement areas and areas where Salvadorean refugees are concentrated, via the CNR (Coordinadora Nacional de Repoblación).

Human rights in Equatorial Guinea. Parliament expressed extreme concern at the heavy sentences recently imposed by a military court on a number of prominent politicians. It urged the government of Equatorial Guinea to release political prisoners and called on the Foreign Ministers meeting in political cooperation to do everything they could to bring this about.

Political prisoners in South Korea. Parliament declared that the government of South Korea had substantially disregarded its own commitment by giving amnesty to only 125 of the 7 234 people concerned; it deplored the attitude of the South Korean Head of State and called on the government to immediately put into effect the amnesty promised in February.

European policy and relations between the institutions

European policy

European Union

2.4.5. On 27 October Parliament adopted two resolutions on the report by the Council on progress towards European Union in 1987 (→ point 2.4.17).

Implementing the Single Act

2.4.6. On the same day Parliament adopted a resolution on the results obtained from implementation of the Single Act (→ point 2.4.17).

2.4.7. On 24 October, following the political agreement reached in July,¹ the Council formally adopted a Decision establishing a Court of First Instance of the European Communities.²

Relations between the institutions

Cooperation procedure

2.4.8. On 12 October, under the procedure provided for in Article 149 of the

Treaty, Parliament rejected on second reading the Council's common position on the proposal for a Directive on the protection of workers from the risks related to exposure to benzene (→ point 2.1.82). This was the first time Parliament had used its powers under Article 149(2)(c), which states that, in the event of such rejection, unanimity is required for the Council to act on second reading.

Exercise of powers conferred on the Commission

2.4.9. On 12 October the Commission decided to apply to the Court of Justice for partial annulment of two Council Regulations adopted on 4 August — No 2507/88 on the implementation of storage programmes and early warning systems³ and No 2508/88 on the implementation of cofinancing operations for the purchase of food products or seeds by international bodies or non-governmental organizations.⁴ The Commission considers that the management committee procedure provided for by these two Regulations is in breach of Article 205 of the Treaty, which gives it exclusive powers to implement the budget. The Commission has already brought two other actions⁵ involving committee procedure.⁶

¹ Bull. EC 7/8-1988, point 2.4.15.

² OJ L 319, 25.11.1988.

³ OJ L 220, 11.8.1988; Bull. EC 7/8-1988, point 2.2.47.

⁴ OJ L 220, 11.8.1988; Bull. EC 7/8-1988, point 2.2.67.

⁵ Bull. EC 10-1987, point 2.4.6; Bull. EC 7/8-1988, point 2.4.19.

⁶ OJ L 197, 18.7.1987; Bull. EC 6-1987, points 2.4.11 to 2.4.14.

Institutions and organs of the Communities

Parliament

*Strasbourg: 10 to 14 October*¹

Highlights

2.4.10. The first of Parliament's October part-sessions was distinguished by a visit from Pope John Paul II, who addressed the House on 11 October. There were a number of debates on technical matters under the cooperation procedure established by the Single Act,² and for the first time Parliament rejected a common position adopted by the Council — the one on the proposal for a Directive on the protection of workers against the risks related to exposure to benzene (→ points 2.1.82 and 2.4.8).

The House also finally gave its assent to the protocols to the Agreements with Syria and Israel (→ points 2.2.32 and 2.2.33) and adopted many resolutions on violations of human rights in various parts of the world (→ point 2.4.4).

Opinions, decisions and resolutions

2.4.11. Parliament gave its opinion (first reading) on Commission proposals concerning:

amendments to the Directives relating to proprietary medicinal products (→ point 2.1.15);

amendments to the Directives relating to immunological medicinal products (consisting of vaccines, toxins or serums and allergens) (→ point 2.1.15);

amendments to the Directives relating to medical products derived from human blood (→ point 2.1.15);

amendments to the Directives concerning radiopharmaceuticals (→ point 2.1.15);

amendments to the Directive concerning cocoa and chocolate products intended for human consumption (→ point 2.1.11);

a Directive on summer-time arrangements (→ point 2.1.187).

2.4.12. Parliament adopted decisions (second reading) on the Council's common position on the following Commission proposals:

Decision adopting specific research programmes (1988-91) to be implemented by the Joint Research Centre (→ point 2.1.26);

Decision on a Community action in the field of information technology and telecommunications applied to health care — Advanced informatics in medicine (AIM) (→ point 2.1.44);

Directive on the obligations of branches of credit institutions regarding publication of annual accounting documents (→ point 2.1.65);

Directive on the protection of workers against the risks related to exposure to benzene (→ points 2.1.82 and 2.4.8);

amendments to the Directive on the protection of workers from the risks related to exposure to chemical, physical and biological agents (→ point 2.1.83).

2.4.13. Parliament gave opinions on the following Commission proposals:

Decision concerning the conclusion of a Community-COST Concertation;

Agreement on seven concerted-action projects in the field of the environment (→ point 2.1.31);

amendment to the Directive on the major-accident hazards of certain industrial activities (→ point 2.1.109);

¹ The texts of the resolutions adopted by Parliament appear in OJ C 290, 14.11.1988, and the report of the proceedings is published in OJ Annex 2-369. The political groups and countries of origin of members speaking in the debates are shown in brackets after their names. The key to the abbreviations can be found in Bull. EC 1-1988, page 51 (footnote 2).

² OJ L 169, 29.6.1987; Supplement 2/86 — Bull. EC.

Regulation establishing a system of transitional aids to agricultural income (→ point 2.1.124);

Regulations concerning agricultural structures policy (→ point 2.1.152);

amendment to the Regulation authorizing the Member States to grant aid for the consumption of butter (→ point 2.1.137);

Directive on the health problems connected with minced meat and meat in pieces (→ point 2.1.156);

Decision on the conclusion of the Agreement with Finland, Norway, Switzerland, Sweden and Yugoslavia on the international combined road rail carriage of goods (ATC) (→ point 2.1.191).

2.4.14. Parliament gave its assent to the conclusion of protocols to cooperation agreements with Syria and Israel (→ points 2.2.32 and 2.2.33).

2.4.15. Parliament also passed resolutions on:

the need for Community action in the construction industry (→ point 2.1.25);

the need for early information on technological and industrial developments in East and South-East Asia of relevance to the Community (→ point 2.1.31a);

the celebration of the quincentenary of the discovery of America and the 'Seville 1992' World Exhibition (→ point 2.1.87);

naming the Channel Tunnel the Winston Churchill-Jean Monnet Tunnel (→ point 2.1.88);

the floods in the French city of Nîmes (→ point 2.1.96);

the major flood damage in the Alcázar de San Juan area (Ciudad Real) (→ point 2.1.96);

the quality of air in indoor environments (→ point 2.1.106);

the protection of pedestrians and the European charter of pedestrians' rights (→ point 2.1.112);

implementation of the Berne Convention on the Conservation of European Wildlife and

Natural Habitats and the Bonn Convention on the Conservation of Migratory Species of Wild Animals (→ point 2.1.115);

application of the Directive concerning the conservation of wild birds (→ point 2.1.115);

application in the Community of the Regulation relating to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Cites) (→ point 2.1.115);

direct Community action to combat forest fires in the Mediterranean regions (→ point 2.1.118);

the need to fill the legal gap in the time-share market (→ point 2.1.121);

priorities for the common transport policy in connection with the development of the Mediterranean region (→ point 2.1.189);

the US Trade Bill (→ point 2.2.19);

the Community's relations with the non-European members of CMEA (→ point 2.2.45);

aid to Jamaica after Hurricane Gilbert (→ point 2.2.59);

the result of the constitutional plebiscite in Chile (→ point 2.4.4);

violations of human rights in Syria (→ point 2.4.4);

violations of human rights in El Salvador (→ point 2.4.4);

political prisoners in South Korea (→ point 2.4.4);

the situation of Protestant Christians in Romania (→ point 2.4.4);

the rights of individuals in the USSR (→ point 2.4.4);

the failure to bring murderers to justice in Brazil (→ point 2.4.4);

violation of human rights in Iran (→ point 2.4.4);

human rights in Equatorial Guinea (→ point 2.4.4);

the murder of seven persons in Nicaragua (→ point 2.4.4);

the arrest of the trade unionist Machmoud Masrawi in Israel (→ point 2.4.4); recent events in Afghanistan and Pakistan (→ point 2.4.4); oppression in Burma (→ point 2.4.4).

*Strasbourg: 24 to 28 October*¹

Highlights

2.4.16. It was during this second October part-session—with a relatively light agenda—that parliament gave the draft budget for 1989 its first reading. It based itself on the updated figures contained in letter of amendment No 1/89, which the Commission had presented to the budgetary authority after the Council's first reading (→ point 2.3.1). The President of the Council, Mr Papanтониou, welcomed the result, which he attributed to the application of the agreements reached in June² on the basis of the conclusions of the Brussels European Council in February.³ He was confident that the budgetary procedure would be completed without mishap and on schedule.

Under the cooperation procedure introduced by the Single Act the House adopted decisions (second reading) on the Council's common position on proposals concerning trade marks (→ point 2.1.18) and the general system for the recognition of higher-education diplomas (→ point 2.1.6). Parliament also gave its opinion on the amended proposal for a merger control Regulation (→ point 2.1.52).

On the external relations front Parliament adopted opinions or resolutions on such major issues as international trade in services (→ point 2.2.5), the Agreement on trade and cooperation with Hungary and relations with the South Asian Association for Regional Cooperation (→ point 2.2.41).

Parliament made an amendment to its Rules of procedure which aims to streamline procedures by conferring powers of decision on its committees in certain circumstances. During the debate on the Council's report

on progress made in 1987 towards European Union, Parliament sought to make an initial assessment of the single Act and to start thinking about the post-1992 era. At the end of a wide-ranging debate, which included a statement by the Commission President, Mr Delors, the House passed three resolutions expressing its views on the future role of the Community institutions (→ point 2.4.17).

Implementing the Single Act: initial assessment and outlook on the institutional front

2.4.17. The discussion of three reports on institutional matters enables parliament to make a searching appraisal of the results achieved in implementing the Single Act⁴ and of the progress made towards European Union. A number of members restated their commitment to the goal of European Union, but declined to make an unduly negative assessment of the implementation of the Single Act.

Confining himself to the Single Act, Mr Delors preferred a low-key approach, recalling that what united Europeans was more important than what divided them. He considered in turn the two basic elements of the Single Act, trying in both instances to paint an objective picture of the successes and failures. As regards the institutional provisions of the Act, he reviewed progress made towards attaining the three objectives: better decision-making; more effective implementing arrangements; closer involvement of Parliament in the legislative process. Then, on the substance, he stressed the Parliament in the legislative process. Then, on the substance, he stressed the interdepen-

¹ The texts of the resolutions adopted by Parliament appear in OJ C 309, 5.12.1988, and the report of the proceedings published in OJ Annex 2-370. The political groups and countries of origin of members speaking in the debates are shown in brackets after their names. The key to the abbreviations can be found in Bull. EC 1-1988, page 51 (footnote 2).

² OJ L 185, 15.7.1988; Bull. EC 6-1988, points 2.3.4 to 2.3.16.

³ Bull. EC 2-1988, point 1.1.1 *et seq.*

⁴ OJ L 169, 29.6.1987; Supplement 2/86 — Bull. EC.

dence of the six objects: the frontier-free market, economic and social coherence, research and technology, the social dimension, economic and monetary union and the environment.

Mr Delors affirmed the Commission's intention of abiding strictly by the Single Act, but by all the Single Act, quoting as an example the position adopted on the question of the European Company.¹ His conclusion was a reminder of the general philosophy of the Single Act that European integration, while requiring some common rules, was to proceed with due respect for both diversity and the principle of subsidiarity.

At the end of the debate the House passed three resolutions. The first, adopted by 176 votes to 53 with 5 abstentions, endorsed the conclusions of the report Mr Graziani (*Com/I*) on the results obtained from implementation of the Single Act.

The two resolutions on the Council report on progress made towards European Union in 1987 were passed with the comfortable majorities of 187 votes to 35 and 17 abstentions [report by Mr Valverde López (*ED/E*)] and 212 votes to 19 and 9 abstentions [report by Mr Planas Puchadas (*Soc/E*)].

Opinions, decisions and resolutions

2.4.18. Parliament gave its opinion (first reading) on a Commission proposal for a Decision on a European stimulation plan for economic science 1989-92 (*SPES*) (→ point 2.1.39).

2.4.19. Parliament adopted decisions (second reading) on the Council's common position on the following Commission proposals:

the general system for the recognition of higher-education diplomas awarded on completion of professional education and training of at least three years' duration (→ point 2.1.6);

publication in the Official Journal of attestations and certificates;

Member States' laws relating to trade marks (→ point 2.1.18);

information to be published when a major holding in a listed company is acquired or disposed of (→ point 2.1.68).

2.4.20. Parliament gave opinions on the following Commission proposals:

the merger control Regulation (→ point 2.1.52);

conclusion of the Agreement on trade and commercial and economic cooperation between the Community and Hungary;

the definitive uniform arrangements for the collection of VAT own resources (→ point 2.3.5).

2.4.21. Parliament also passed resolutions on:

the role of the two sides of industry in the Community (→ point 2.1.72);

the teaching of Community languages in the Community (→ point 2.1.76);

conservation of the Community's architectural and archeological heritage (→ point 2.1.89);

conclusion of a Mediterranean Fisheries Convention (→ point 2.1.17);

the follow-up to Parliament's Committee of Inquiry on the handling and transport of nuclear material (→ point 2.1.204);

international trade in services (→ point 2.2.5);

economic relations between the Community and the South Asian Association for Regional Cooperation (→ point 2.2.41);

cooperatives and the cooperative movement in development policy (→ point 2.2.53);

Community cooperation with the developing countries of Asia and Latin America (→ point 2.2.66);

¹ Bull. EC 6-1988, point 2.1.127.

combating and preventing blindness in the Third World (→ point 2.2.69);

first reading of the draft general budget for 1989 (→ point 2.3.2);

Sections I (Parliament), II (Council), IV (Court of Justice) and V (Court of Auditors) of the draft general budget for 1989 (→ point 2.3.3).

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2.4.22. Under the written procedure laid down by Rule 65 of its Rules of Procedure, Parliament adopted a declaration on the subject of steel-jawed leghold traps (→ point 2.1.117).

Council

2.4.23. **1264th meeting — Internal market** (Luxembourg, 14 October)

President: Ms Papandreou.

Commission: Lord Cockfield (Vice-President).

Main items of business

Electromagnetic compatibility: agreement in principle on common position (→ point 2.1.10).

Public works contracts: agreement in principle on common position (→ point 2.1.19).

Fruit juices: agreement on substance of common position (→ point 2.1.13).

Jams, jellies and marmalades: agreement on substance (→ point 2.1.12).

European Company: preliminary discussion (→ point 2.1.70).

Other items discussed

Dietary food.

Labelling, presentation and advertising of foodstuffs.

2.4.24. **1265th meeting**
Cancelled.

2.4.25. **1266th meeting — Agriculture** (Luxembourg, 17 and 18 October)

President: Mr Pottakis

Commission: Mr Andriessen (Vice-President)

Main items of business

Olive oil: formal adoption of Regulation (→ point 2.1.146).

Aids to agricultural income: general discussion (→ point 2.1.123).

Adjustment of milk quota arrangements (SLOM) and related measures: detailed discussion (→ point 2.1.138).

Reform of structural Funds: exchange of views (→ point 2.1.97).

Situation on pigmeat market: examination of Commission report (→ point 2.1.127).

Reform of beef/veal arrangements: communication (→ point 2.1.144).

Reform of sheepmeat and goatmeat arrangements: communication (→ point 2.1.145).

Imports of New Zealand butter: communication (→ point 2.1.140).

Other items discussed

Aid for skimmed milk processed into casein and caseinates.

Forestry.

2.4.26. **1267th meeting — Fisheries** (Luxembourg, 19 and 20 October)

President: Mr Pottakis

Commission: Mr Cardoso e Cunha

*Main items of business*¹

Control measures for fishing activities: agreement on Regulation (→ point 2.1.163).

Cod fishing in Spitzbergen area: adoption of Regulation (→ point 2.1.162).

¹ A conciliation meeting between the Council and a delegation from Parliament, with the participation of the Commission, was also held to discuss the review of the common organization of the markets in fishery products.

Conservation of fishery resources: adoption of Regulation (→ point 2.1.164).

Activities of Community vessels in NAFO area: communication (→ point 2.1.170).

Relations with Soviet Union: communication (→ point 2.1.168).

Other item discussed

Sardine market.

2.4.27. 1268th meeting — General affairs
(Luxembourg, 24 and 25 October)

President: Mr Pangalos

Commission: Mr Delors (President), Mr Marín (Vice-President), Mr Cheysson, Mr Varfis

Main items of business

Setting-up of a Court of First Instance: formal adoption of Decision (→ point 2.4.7).

Reform of structural Funds — implementing Regulations: detailed examination (→ point 2.1.97).

Generalized preferences scheme for 1989: examination (→ point 2.2.49).

Other items discussed

Common social area.

Situation of the Community textile industry.

2.4.28. 1269th meeting — Transport
(Luxembourg, 26 October)

President: Mr Petsos

Commission: Mr Clinton Davis

Main items of business

Negotiations with non-Community transit countries: examination of Commission report (→ point 2.1.190).

Transport infrastructures: discussion of substance (→ point 2.1.178).

Admission to occupation of haulage operator: discussion of substance (→ point 2.1.181).

Air safety.

Other items discussed

Structural improvements in inland waterway transport.

Weights and dimensions of road vehicles.

Aids for combined transport.

Commission¹

Activities

2.4.29. External dimension of the single market: at its meeting on 19 October the Commission had a general discussion on the external dimension of the single market to be established by the end of 1992 (→ point 1.2.1 *et seq.*).

Measures taken

2.4.30. Stimulation of seed capital funds: setting-up of a Community pilot scheme (→ point 2.1.20).

Nature conservation: amendment of the Regulation on the implementation in the Community of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (→ point 2.1.114).

Measures proposed

*Proposals to be adopted
under the cooperation procedure*

2.4.31. Legal protection of biotechnological inventions: proposal for a Directive (→ point 2.1.17).

Trace elements in fertilizers: proposal for a Directive (→ point 2.1.16).

Research and development programme in the field of marine science and technology (MAST) (1989-92): proposal for a Decision (→ point 2.1.38).

Elimination of PCBs: proposal for a Directive (→ point 2.1.111).

¹ Selected items.

Other proposals and recommendations

European Tourism Year (1990): proposal for a Decision (→ point 2.1.4).

Japan: proposal for a Decision on the negotiation of scientific cooperation in the field of thermonuclear fusion (→ point 2.1.36).

Iceland: recommendation for a Decision concerning the conclusion of a framework agreement for scientific and technical cooperation (→ point 2.1.28).

Social security for migrant workers: proposals for amending the Regulations (→ point 2.1.80).

Freedom of information on the environment: proposal for a Directive (→ point 2.1.119).

Nuts: report and proposals for Regulations (→ point 2.1.129).

New Zealand butter: report and proposal for a Regulation (→ point 2.1.140).

Beef/veal: proposals for Regulations to reform the common organization of the market (→ point 2.1.144).

Sheepmeat and goatmeat: proposal for a Regulation to reform the common organization of the market (→ point 2.1.145).

Compulsory use of safety belts: proposal for a Directive for vehicles of less than 3.5 tonnes (→ point 2.1.183).

Air traffic congestion: proposals for three instruments (a Decision on consultation and coordination between Member States on air traffic, extension of the Decision on air and sea transport infrastructure, and a Recommendation on efficient use of airspace) (→ point 2.1.186).

Efficient use of electricity: proposal for a Decision adopting a Community action programme (→ point 2.1.197).

Malta, Cyprus: recommendations for Decisions on the negotiation of a third financial protocol between the Community and each of these countries (→ points 2.2.23 and 2.2.24).

Preliminary draft budget for 1989: letter of amendment No 1/89 (→ point 2.3.1).

Communications and reports

Annual Economic Report (→ point 1.1.1 *et seq.*).

Promotion of innovation in secondary education (→ point 2.1.78).

EAGGF Guarantee Section: 17th financial report (→ point 2.1.159).

Aid to the coal industry: first annual report (→ point 2.1.193).

Yemen Arab Republic: opening of negotiations (→ point 2.2.35).

Court of Justice¹

Court of First Instance

2.4.32. At its meeting on 24 and 25 October the Council formally adopted the Decision establishing a Court of First Instance of the European Communities (→ point 2.4.7).

Election of the President of the Court

2.4.33. On 6 October the Court elected Judge O. Due as its President for the period from 7 October 1988 to 6 October 1991.²

Composition of the Chambers and appointment of Presidents of the Chambers

2.4.34. On 7 October the Court made the following appointments for a period of one year from that day:

Judge R. Joliet as President of the First and Fifth Chambers,

¹ For more detailed information, see the material published by the Court of Justice in the *Official Journal* and the *European Court Reports*, and the publications of its Information Office (e.g. the weekly *Proceedings of the Court*).

² OJ C 285, 9.11.1988.

Judge T. F. O'Higgins as President of the Second Chamber,

Judge F. Grévisse as President of the Third Chamber,

Judge T. Koopmans as President of the Fourth and Sixth Chambers.

The composition of the Chambers was fixed as follows:

R. Joliet, President of Chamber;
Sir Gordon Slynn and G. C. Rodríguez Iglesias, Judges.

Second Chamber

T. F. O'Higgins, President of Chamber;
F. Mancini and F. A. Schockweiler, Judges.

Third Chamber

F. Grévisse, President of Chamber;
J. C. Moitinho de Almeida and M. Zuleeg, Judges.

Fourth Chamber

T. Koopmans, President of Chamber;
C. N. Kakouris and M. Díez de Velasco, Judges.

Fifth Chamber

R. Joliet, President of Chamber;
F. Grévisse, Sir Gordon Slynn, J. C. Moitinho de Almeida, G. C. Rodríguez Iglesias and M. Zuleeg, Judges.

Sixth Chamber

T. Koopmans, President of Chamber;
T. F. O'Higgins, F. Mancini, C. N. Kakouris, F. A. Schockweiler and M. Díez de Velasco, Judges.¹

Appointment of First Advocate-General

2.4.35. On 7 October the Court also appointed J. Mischo as First Advocate-General for one year from that day.¹

Analysis of judgments delivered between 1 July and 30 September 1988

Powers

2.4.36. In Case 377/87 *Parliament v Council* and Case 383/87 *Commission v Council* Parliament and the Commission sought a declaration that the Council had infringed Article 203(4) of the EEC Treaty by failing to place a draft budget for 1988 before Parliament by 5 October 1987. The Court said that the purpose of proceedings for failure to act was to have an omission on the part of the Council or the Commission declared contrary to the Treaty, provided it had not been rectified by the institution concerned; the Court concluded that in a case like this one, where the required action had been taken before judgment was delivered, such a declaration would no longer serve any purpose.

2.4.37. In Case 165/87 *Commission v Council* the Court said that two legal bases had to be cited wherever the power of an institution to adopt an act rested on two provisions of the Treaty. Power to adopt the Decision concerning the conclusions of the International Convention on the Harmonized Commodity Description and Coding System² was conferred on the Council by Articles 21 and 113 of the EEC Treaty, as the nomenclature made possible by the system was intended for both tariff and statistical purposes, but the Council should not also have based the Decision on Article 235.

2.4.38. In Case 302/87 *Parliament v Council* the Court was called upon to define the scope of the judicial remedies open to the European Parliament. It rejected the claim that there had to be parallelism between the active and passive participation of Parliament in proceedings for judicial review of legality; the Court observed in particular that while the Single Act had

¹ OJ C 285, 9.11.1988.

² OJ L 198, 20.7.1987; Bull. EC 4-1987, point 2.1.49.

strengthened Parliament's powers it had not amended Article 173 of the EEC Treaty. Politically, Parliament exercised control over the Commission and could influence Council legislation through its opinions or through the new cooperation procedure; as far as litigation was concerned, it had the right to intervene in Court cases and the right to bring actions for failure to act. Council acts which encroached upon Parliament's prerogatives could be referred to the Court by Member States, by individuals via a national court requesting a preliminary ruling, and above all by the Commission, which had the responsibility for ensuring that those prerogatives were respected.

Free movement of goods and customs union

2.4.39. In Case 45/87 *Commission v Ireland* the Court for the first time applied Article 30 of the EEC Treaty to a public works contract. The Court rejected an argument, based on its judgment in *Iannelli v Meroni*,¹ to the effect that Article 30 did not apply to obstacles to trade covered by other specific provisions of the Treaty. Given the general character of the prohibitions which Article 30 laid down, the fact that a public works contract related to the provision of services did not mean that any obstacles which it placed in the way of imports were outside the scope of Article 30.

2.4.40. In Case 302/86 *Commission v Denmark* the Commission challenged Danish legislation providing that beer and soft drinks were to be marketed only in returnable containers approved by the National Agency for the Protection of the Environment. The Court said that protection of the environment, which was the aim pursued by the legislation, constituted a 'mandatory requirement' which could justify restrictions on the principle of the free movement of goods which were necessary in order to achieve it. The obligation to establish a deposit-and-return system for empty containers was essential if they were to be reused and was necessary to ensure the pro-

tection of the environment. But the requirement that containers be of an approved type was not necessary for this purpose.

Competition

2.4.41. In *Van Eycke v ASPA* the Court had to rule on the compatibility with Article 5 of the EEC Treaty, in conjunction with Articles 3(f) and 85, of national regulations setting maximum interest rates and premiums for savings deposits which had to be complied with in order to qualify for a tax exemption. Although this form of direct regulation by the public authorities had replaced restrictive practices between banks which had previously limited the interest payable on savings deposits, the Court found that it did not have the object of imposing or encouraging new restrictive practices or reinforcing the effects of existing restrictive practices. Subject to a review by the national court, the rules did not appear to confirm the method of restricting the yield on deposits or the level of maximum interest rates set by the earlier restrictive practices.²

2.4.42. In the 'Wood pulp' case the Court delivered an initial judgment concerned largely with the Commission's power to police restrictive practices which were organized entirely outside the Community but which had restrictive effects within the Community. In this case most of those taking part in a concerted practice held unlawful by the Commission had no subsidiaries within the Community. Nevertheless, the Commission had imposed fines on them ranging from ECU 50 000 to 250 000. The Court rejected the applicants' submission that the practice was outside the territorial scope of Article 85 of the EEC Treaty. It drew a fundamental distinction between the place where a restrictive practice is 'formed' and the place where it is 'implemented'. The decisive factor in deciding whether or not the Commission had jurisdiction was the place where the restrictive practice was

¹ Case 74/76 [1977] ECR 557.

² Case 267/86.

implemented, and it was immaterial in that respect whether the parties acted through subsidiaries or agents within the Community.¹

Free movement of persons, social provisions and capital movements

2.4.43. In Case 42/87 *Commission v Belgium* the Court held that a provision limiting to 2% of the total of domestic students the number of foreign students eligible for financing by the State constituted discrimination on grounds of nationality. Once the 2% quota had been reached, this clause effectively excluded from higher vocational training students who were nationals of another Member State, whereas there was no similar restriction on domestic nationals.

2.4.44. In *Matteucci* the Court held that the principle of equality of treatment meant that a worker living in Member State A, but having the nationality of Member State B, had to be eligible for scholarships to pursue studies in another Member State C on the basis of a cultural agreement between States A and C, even though under the agreement the scholarships were available only to nationals of the two Member States party to it. A bilateral agreement of that kind could not prevent the application of the principle of equality of treatment even though it had been concluded outside the scope of the Treaty; Article 5 of the EEC Treaty also required Member State C to lend Member State A its assistance if any such danger arose.²

2.4.45. In *Lenoir* the Court held that where a national of a Member State in receipt of family benefits went to live in another Member State his country of origin was not bound to continue paying benefits such as the schooling expenses allowance and single-wage allowance provided for in French legislation, though it did have to pay family allowances properly so called. The Court said this interpretation of Article 77 of Council Regulation No 1408/71 on social security schemes for migrant workers³ was

not in contradiction with its findings in *Pinna*.⁴ Allowances for schooling expenses in particular were generally linked to the social environment, and thus to the place of residence of the person concerned.⁵

2.4.46. In the *Daily Mail* case the Court had to consider the consequences where a company incorporated in one Member State transferred its central management and control to another Member State. The Court found that the various systems of national legislation differed widely on the question of the link with the national territory required for the setting up of a company, and any subsequent change made by a company after it had been set up; these disparities could not be overcome by the existing rules on establishment alone, but would require the adoption of coordinating directives (Article 54(3)(g) of the EEC Treaty) or of conventions between Member States (Article 220), and this had not yet been done. The Court concluded that in the present state of Community law Articles 52 and 58 conferred no right on a company incorporated under the legislation of a Member State to transfer its central management and control to another Member State while continuing to qualify as a company from the Member State of origin.⁶

Commercial policy

2.4.47. The judgments in *Fediol* are the first judgments as to substance in the field of anti-subsidy duties. They provide useful clarification of the concept of a subsidy justifying the imposition of countervailing duties under Community law in conjunc-

¹ Joined Cases 89, 104, 114, 116, 117 and 125-129/85 *Ahlström and Others v Commission*.

² Case 235/87 *Matteucci v Communauté française of Belgium and Another*.

³ OJ L 149, 5.7.1977.

⁴ Case 41/84 *Pinna v Caisse d'allocations familiales de la Savoie* [1986] ECR 1.

⁵ Case 313/86 *Lenoir v Caisse d'allocations familiales des Alpes-Maritimes*.

⁶ Case 81/87 *R. v. HM Treasury and Commissioners of Internal Revenue, ex parte Daily Mail and General Trust*.

tion with the GATT anti-dumping code. The Court said that for this purpose a subsidy was a financial charge borne directly or indirectly by public bodies which specifically benefited a particular sector. The concept included cases where the public authorities waived the payment of taxes.¹

2.4.48. In Case 51/87 *Commission v Council* the Court condemned the principle of the division into national shares of a Community tariff quota applicable under the generalized system of preferences, because of the distortion and deflection of trade which it might cause. The Court accepted that in the present state of the common commercial policy such a mechanism might be justified under certain conditions. But neither of the Council Regulations² which the Commission had challenged in these proceedings did satisfy those conditions, and the Court annulled them both.

Euratom

2.4.49. In *Saarland v French Minister for Industry* the Court put a broad construction on the requirement laid down in Article 37 of the Euratom Treaty that the Commission must deliver its opinion on any plan for the disposal of radioactive waste. The Court said that the provision was intended to enable the Commission to avert the risks of radioactive contamination. It was essential, therefore, that the Commission's opinion, and particularly any suggestions made in it,

be studied thoroughly by the Member State concerned. The Court concluded that if the opinion was to be fully effective it had to be known to the Member State before the disposal of radioactive waste was authorized.³

Institutional and budgetary questions

2.4.50. In *France v Parliament* the Court rejected a submission that by adopting a resolution providing for the construction of a building with a 600-seat conference hall in Brussels, Parliament had encroached on the Member State governments' exclusive power to determine the seat of the institutions. The Court said that maintenance of the status quo decided by the governments, with three provisional places of work, and the practice which had developed on this basis, required that Strasbourg be the place where Parliament normally met; but this did not mean that Parliament could not hold a plenary sitting away from Strasbourg, provided that the decision to do so was an exceptional one and that it was justified on objective grounds relating to the proper operation of Parliament. The Court found that the resolution challenged did conform to these conditions.⁴

¹ Cases 187 and 188/85 *EEC Seed Crushers and Oil Producers Federation (Fediol) v Commission*.
² OJ L 355, 16.2.1986.
³ Case 187/87 *Saarland and Others v Minister for Industry, Posts and Telecommunications and Tourism and Others*.
⁴ Joined Cases 358/85 and 51/86.

2.4.51. **New cases**

Case	Subject	Basis
<p>ECSC — Steel</p> <p>221/88 ECSC v Acciaierie e Ferriere Busseni (a bankrupt company)</p>	<p>1. Is Commission Recommendation 86/198/ECSC on the establishment of preferential treatment for debt in respect of levies on the production of coal and steel of direct and immediate effect in the Member State so that it may be applied by a national court or tribunal without the need for any subsequent</p>	<p>Article 41 ECSC</p>

Case	Subject	Basis
	<p>measures giving effect to the Recommendation to be adopted by the State to which it is addressed?</p> <p>2. If yes, does it apply only to debts relating to levies which became due prior to its adoption on 13 May 1986, or also to those based on a right which arose earlier?</p>	
Customs union		
248/88 <i>Chimica del Friuli v Ministero delle Finanze</i>	Where goods are transferred within a single Member State of the Community, must Articles 7 and 8 of Commission Regulation No 1535/77 determining the conditions under which certain goods are eligible upon importation for a favourable tariff arrangement by reason of their end-use be interpreted as requiring merely notification to the competent authorities or is the transferee also required to obtain authorization under Article 3 of the Regulation?	Article 177 EEC
254 to 258/88 <i>Carburanti e Succedanei and Others v Ministero delle Finanze and Others</i> ¹	Identical with <i>Chimica del Friuli</i> above	Article 177 EEC
Right of establishment		
265/88 Criminal proceedings against Messner	Interpretation of Articles 3(c) and 56(1) of the EEC Treaty: is it lawful for Italy to require nationals of another Community Member State to declare their presence to the authorities within three days of entering the country, and to impose criminal penalties in the event of failure to comply, given that there are no solid grounds of public policy, public security or public health to justify such an antiquated requirement, whose nature and purpose are clearly malicious and to a great extent motivated by xenophobia?	Article 177 EEC
State aid		
294/88 case <i>Poclairn and Tenneco Europe v Commission</i> ²	Annulment of Decision 88/468/EEC on aids granted by the French Government to a farm machinery manufacturer at St Dizier, Angers and Croix (International Harvester/Tenneco)	Article 173 EEC
303/88 <i>Italy v Commission</i>	Annulment of the Commission Decision of 26 July 1988 on aid granted by the Italian Government to ENI-Lanerossi	Article 173 EEC

Case	Subject	Basis
Social affairs		
228/88 Bronzino v Kindergeldkasse, Nuremberg	Are Article 73(1) and Article 3(1) of Regulation No 1408/71 or other provisions of European Community law to be interpreted as meaning that a migrant worker is entitled to family benefits in the State of employment even when the family member is only registered as unemployed and available for work in the state of residence and under that State's rules and cannot begin or continue vocational training there because of a lack of places in training schemes, but the national law of the State of employment demands that these preconditions be fulfilled in its territory?	Article 177 EEC
245/88 Daalmeijer v Bestuur der Sociale Verzekeringsbank	Interpretation of Article 13(2) of Council Regulation No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community	Article 177 EEC
262/88 Barber v Guardian Royal Exchange Assurance Group ³	Do benefits paid by an employer to an employee in connection with compulsory redundancy fall within the scope of Article 119 of the EEC Treaty or of Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions?	Article 117 EEC
Agriculture		
295/88 Nicolas Corman et fils v Kingdom of Belgium and Grand Duchy of Luxembourg ⁴	Interpretation of Council Regulation No 1059/69, Council Regulation No 2682/72 and Commission Regulation No 1380/75 to determine when a product processed in the Community from goods not listed in Annex II which were imported from outside the Community under an incorrect tariff heading qualifies for export refunds and compensatory amounts if it is exported from the Community	Article 177 EEC
Budget		
308/88 Commission v Council	<p>Annulment:</p> <ol style="list-style-type: none"> 1. of the second subparagraph of Article 8(2) and of Article 8(3) of Council Regulation No 2507/88 on the implementation of storage programmes and early warning systems; 2. of the second subparagraph of Article 3(2) and of Article 3(3) of Council Regulation No 2508/88 on the implementation of cofinancing operations for the purchase of food products or seeds by international bodies or non-governmental organizations 	Article 173 EEC

Case	Subject	Basis
Infringements		
288/88 Commission v Germany ⁵	Failure to comply with Council Directive 79/409/EEC on the conservation of wild birds	Article 169 EEC
290/88 Commission v Italy ¹	Failure to comply with Council Directive 82/605/EEC on the protection of workers from the risks related to exposure to metallic lead and its ionic compounds at work	Article 169 EEC
298/88 Commission v Netherlands ⁴	Failure to comply with Council Directive 83/417/EEC on certain lactoproteins (caseins and caseinates) intended for human consumption	Article 169 EEC
299/88 Commission v Belgium ¹	Failure to comply with Council Directive 83/635/EEC amending for the second time Directive 76/118/EEC on certain partly or wholly dehydrated preserved milk for human consumption	Article 169 EEC
300/88 Commission v Netherlands ⁴	Identical with Case 290/88 <i>Commission v Italy</i> above	Article 169 EEC
304/88 Commission v Belgium ⁶	Seeking a declaration that Belgium has failed to fulfil its obligations under Article 30 of the EEC Treaty and Council Directives 64/432/EEC and 64/433/EEC by subjecting imports of live animals and fresh meat from other Member States to the requirement of a prior import authorization	Article 169 EEC
307/88 Commission v Spain ²	Seeking a finding that the fee or levy charged by the State for the work done by stowers and customhouse markers during the customs clearance of goods, when the importer has no alternative to that service and the amount is charged in proportion to the value of the goods, constitutes a charge equivalent in effect to a customs duty	Article 169 EEC
312/88 Commission v France	Identical with Case 299/88 <i>Commission v Belgium</i> above	Article 169 EEC
313/88 Commission v France	Identical with Case 298/88 <i>Commission v Netherlands</i> above	Article 169 EEC
314/88 Commission v Italy	Seeking a declaration that Italy has infringed Article 171 of the EEC Treaty by failing to take the necessary measures to comply with the judgment of the Court of Justice in Case 145/82 <i>Commission v Italy</i> , which held that Italy had failed to implement Council Directives 65/65/EEC and 75/319/EEC on proprietary medicinal products	Article 169 EEC

Disputes between the Community and its staff

v Commission:

264/88⁷ and 264/88R Valle Fernandez

289/88 Van Sinay

292/88 Pitrone²

¹ OJ C 291, 15.11.1988.

² OJ C 297, 22.11.1988.

³ OJ C 279, 29.10.1988.

⁴ OJ C 293, 17.11.1988.

⁵ OJ C 286, 10.11.1988.

⁶ OJ C 307, 2.12.1988.

⁷ OJ C 281, 4.11.1988.

2.4.52. Judgments

Date and Case	Held
<p>ECSC — Steel</p> <p>20.10.1988: 384/87 — Siderpotenza v Commission</p>	<p>Removed from the Court Register (seeking the annulment, under the second paragraph of Article 33 of the ECSC Treaty, of the Commission Decision of 10 November 1987 imposing a fine on Siderpotenza, or, in the alternative, reduction of the fine)</p>
<p>Free movement of goods</p> <p>5.10.1988: 53/87 — Consorzio italiano della Componentistica di Ricambio per Autoveicoli and Maxicar v Régie nationale des usines Renault¹</p>	<p>1. The rules on the free movement of goods do not preclude the application of national legislation under which a car manufacturer who holds protective rights in an ornamental design in respect of spare parts intended for cars of its manufacture is entitled to prohibit third parties from manufacturing parts covered by those rights for the purpose of sale on the domestic market or for exportation or to prevent the importation from other Member States of parts covered by those rights which have been manufactured there without his consent</p> <p>2. The mere fact of obtaining protective rights in ornamental designs in respect of bodywork components for cars does not constitute abuse of a dominant position within the meaning of Article 86 of the EEC Treaty; the exercise of the corresponding exclusive right may be prohibited by Article 86 if it involves, on the part of an undertaking holding a dominant position, certain abusive conduct such as the arbitrary refusal to supply spare parts to independent repairers, the fixing of prices for spare parts at an unfair level or a decision no longer to produce spare parts for a particular model even though many cars of that model are still in circulation, provided that such conduct is liable to affect trade between Member States</p>

Date and Case	Held
27.10.1988: 139/88 — Spa Monopole v Compagnie des eaux de Harre, and Compagnie des eaux de Harre v Belgian State	Removed from the Court Register (conformity of the Royal Decree of 11 October 1985 with Articles 30 to 36 of the EEC Treaty and Council Directives 80/777/EEC on natural mineral waters and 80/778/EEC on water intended for human consumption)
Customs union	
5.10.1988: 357/87 — Schmid v HZA Stuttgart-West ¹	<p>1. The final sentence of Section, I C2 of part I of the Annex to Article 1 of Council Regulation No 950/68 on the Common Customs Tariff must be interpreted as meaning that the expression 'packing' includes beer-barrels, beer-bottles and plastic crates for beer-bottles even where such containers are to be returned to the seller of the beer in another country</p> <p>2. Section II D1(a) of Part I of the Annex to Article of the Regulation must be interpreted as meaning that the packings must be chargeable to duty at the rate applicable to the goods contained therein. However, where the packings are not included in the price payable for the goods but are to be returned to the seller in another country, and the buyer is required to pay the seller financial compensation in respect of packings that are not returned, such compensation constitutes a cost within the meaning of Article 8(1)(a) of Council Regulation No 1224/80 on the valuation of goods for customs purposes</p>
Competition	
5.10.1988: 247/86 — Alsatel v Novasam ¹	Article 86 of the EEC Treaty must be interpreted as meaning that contractual practices, even if abusive, of an undertaking supplying telephone installations which has a large share of the regional market in a Member State do not fall within the prohibition set out in that article where that undertaking does not have a dominant position in the relevant markets, namely the national market in telephone installations
5.10.1988: 237/87 — Volvo v Erik Veng (UK) ²	The refusal by the proprietor of a registered design in respect of body panels to grant to third parties, even in return for reasonable royalties, a licence for the supply of parts incorporating the design cannot in itself be regarded as an abuse of a dominant position within the meaning of Article 86 of the EEC Treaty

Date and Case	Held
<p>Free movement of persons</p> <p>5.10.1988: 196/87 — <i>Steymann v Staatssecretaris van Justitie</i>¹</p>	<p>1. Article 2 of the EEC Treaty must be interpreted as meaning that activities performed by members of a community based on religion or another form of philosophy as part of the commercial activities of that community constitute economic activities in so far as the benefits which the community provides to its members may be regarded as an indirect countervailing advantage for genuine and effective work</p> <p>2. Articles 59 and 60 of the Treaty do not cover the situation where a national of a Member State goes to reside in the territory of another Member State and establishes his principal residence there in order to provide or receive services there for an indefinite period</p>
<p>Agriculture</p> <p>5.10.1988: 210/87 — <i>Padovani and the successors of Mantovani v Amministrazione delle Finanze dello Stato</i>¹</p>	<p>The principle of the protection of legitimate expectations enshrined in Community law independently of the specific provisions of Council Regulation No 1697/79 does not require the national authorities to refrain from post-clearance recovery pursuant to national law of an additional agricultural levy not originally charged in accordance with an established and unchallenged practice of the authorities subsequently invalidated by a judgment of the Court, although because of the practice traders had believed in good faith that they had to pay only the amount of the levy originally charged</p>
<p>12.10.1988: 34/88 — <i>Cevap and Others v Council</i></p>	<p>The application is dismissed as inadmissible (seeking the annulment of the Council Decision 87/561/EEC on transitional measures concerning the prohibition on administration to farm animals of certain substances having a hormonal action)</p>
<p>18.10.1988: 121/87 — <i>Bayernwald Fruchteverwertung v Federal Republic of Germany</i>³</p>	<p>1. Article 4(2) of Commission Regulation No 1530/78 laying down rules for the application of the system of aid in respect of certain products processed from fruit and vegetables must be interpreted as meaning that the keeping of stock accounts showing each of the items mentioned therein constitutes a condition for the grant of the production aid provided for in Council Regulation No 516/77, and that any doubts as to the accuracy of certain entries in those stock accounts may be elucidated with the aid of other supplementary documents</p> <p>2. Consideration of the question raised has disclosed no factor of such a kind as to affect the validity of Article 4(2) of Commission Regulation No 1530/78</p>

Date and Case	Held
18.10.1988: 311/87 Erzeugergemeinschaft Goldenes Rheinhessen v Land Rheinland-Pfalz	The second indent of Article 12(2)(q) of Regulation No 355/79 laying down general rules for the description and presentation of wines and grape musts is to be interpreted as meaning that the use of the term 'Erzeugerabfüllung' by a group of vineyards whose wine was bottled on the premises of an undertaking outside that group is subject to the condition that the entire operation must be conducted under the actual management and strict, continuous supervision of that group, and subject to its sole liability
27.10.1988: 387/87 Butter und Eier Zentralgenossenschaft Oldenburg v Bundesanstalt für Landwirtschaftliche Marktordnung	Removed from the Court Register (validity of Article 15 of Commission Regulation No 2729/81 laying down special rules implementing the system of import and export licences and the advance fixing of refunds in respect of milk and milk products)
Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters	
27.10.1988: Carl Schilling, Kirchheimer Muschelkalksteinwerke, Natursteinbetriebe v Merbes Sprimont travaux	Removed from the Court Register (interpretation of Article 27(2) of the Convention)
Commercial policy	
5.10.1988: 56/85 Brother Industries v Commission ¹	It is unnecessary to give a decision on the application (Seeking the annulment of Commission Regulation No 3643/84 imposing a provisional anti-dumping duty on imports of electronic typewriters originating in Japan in so far as it concerns the applicant)
5.10.1988: 250/85 Brother Industries v Council ¹	The application is dismissed (seeking the annulment of Council Regulation No 1698/85 imposing a definitive anti-dumping duty on imports of electronic typewriters originating in Japan in so far as it concerns the applicant)
5.10.1988: 260/85 and 106/86 Tokyo Electric and Others v Council ¹	The applications are dismissed (seeking the annulment of Council Regulation No 1698/85 imposing a definitive anti-dumping duty on imports of electronic typewriters, and of Council Regulation No 113/86 amending Regulation No 1698/85, in so far as they concern the applicant)
5.10.1988: 273/85 and 107/86 Silver Seiko and Others v Council ¹	The applications are dismissed (subject-matter identical with <i>Tokyo Electric</i> above)
5.10.1988: 277 and 300/85 Canon and Others v Council ¹	The applications are dismissed (subject-matter identical with Case 250/85 <i>Brother Industries</i> above)
5.10.1988: 301/85 Sharp v Council ¹	The application is dismissed (subject-matter identical with Case 250/85 <i>Brother Industries</i> above)

Date and Case	Held
<p>5.10.1988: 294/86 and 77/87 Technointorg v Commission and Council⁴</p>	<p>1. There is no need to give a decision on the application in Case 294/86 (seeking the annulment, at least in so far as it applies to the applicant, of Commission Regulation No 2800/86 imposing a provisional anti-dumping duty on imports of certain deep freezers originating in the USSR, accepting the undertakings given in the framework of the investigation concerning imports of certain deep freezers originating in Yugoslavia and the German Democratic Republic, terminating the investigation and terminating the proceeding with regard to imports of certain deep freezers)</p> <p>2. The application in Case 77/87 is dismissed (seeking the annulment, in so far as it applies to the applicant, of Council Regulation No 28/87 imposing a definitive anti-dumping duty of imports of certain deep freezers originating in the Soviet Union)</p>
<p>Administrative questions</p>	
<p>5.10.1988: 129/87 Decker (née Fingruth) v Caisse de pension des employés privés⁴</p>	<p>Article 11(2) of Annex VIII to the Staff Regulations must be interpreted as not preventing a Member State from providing that requests to transfer pension rights are to be made within one year, failing which they will not be admitted. However, the national authorities may not rely on the expiry of such a period as against a Community official who has submitted his transfer request to his Community institution within the period prescribed by national legislation when the submission of the transfer request through that Community institution was in conformity with an administrative practice which had been established in regard to this matter between the Community institution and the competent national authority.</p>
<p>Infringements</p>	
<p>12.10.1988: 275/86 and 60/87 Commission v Italy</p>	<p>Removed from the Court Register (failure to comply with Commission Directive 82/937/EEC amending the Annex to Council Directive 77/101/EEC on the marketing of straight feeding-stuffs)</p>
<p>25.10.1988: 312/86 Commission v France</p>	<p>By failing to adopt within the prescribed period all the measures necessary to secure full implementation of Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions, France has failed to fulfil its obligations under the Treaty</p>

Date and Case	Held
27.10.1988: 277/86 Commission v Belgium	Removed from the Court Register (failure to apply correctly Council Directive 76/491/EEC regarding a Community procedure for information and consultation on crude oil and petroleum product prices in the Community)
27.10.1988: 274/86 and 41/87 Commission v Italy	Removed from the Court Register (failure to comply with Commission Directive 83/201/EEC establishing exceptions from Council Directive 77/99/EEC for certain products which contain other foodstuffs and only a small percentage of meat or meat product)
27.10.1988: 103/87 Commission v Italy	Removed from the Court Register [charging of VAT on both the issue and the use of credit cards, in violation of the sixth VAT Directive (Council Directive 77/388/EEC, Article 13(B)(d)(2) and (3)]
27.10.1988: 297/87 Commission v Luxembourg	Removed from the Court Register (failure to incorporate into national law Council Directive 80/1107/EEC on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work)

Disputes between the Community and its staff

v Commission:

5.10.1988: 314 and 315/86 de Szy-Tarisse and Feyaerts⁵ — The applications are dismissed (seeking the rectification of the applicants' administrative and financial situation as from the date on which they were recruited as members of the temporary staff, coupled with a claim for damages)

5.10.1988: 180/87 Hamill¹ — 1. The Commission is ordered to compensate the applicant for the non-material damage suffered by him as a result of the fact that the Commission facilitated his arrest by the British police. 2. For the rest, the application is dismissed. 3. The parties shall within a period of six months from the date of this judgment inform the Court in writing of the amount of the compensation agreed between them. 4. If no agreement is reached the parties shall within the same period send to the Court their submissions on the quantum of compensation

20.10.1988: 375/97 Buick and Sorani — Removed from the Court Register.

¹ OJ C 284, 8.11.1988.

² OJ C 281, 4.11.1988.

³ OJ C 297, 22.11.1988.

⁴ OJ C 285, 9.11.1988.

⁵ OJ C 291, 15.11.1988.

Economic and Social Committee

259th plenary session

2.4.53. The Economic and Social Committee held its 259th plenary session in Brussels on 26 and 27 October; this was the final session of the term of office of its Chairman,

Mr Alfons Margot. In his farewell speech, the outgoing Chairman emphasized the Committee's achievements over the last two years and presented an activity report on its work with the other Community institutions.

Mr Alberto Masprone, an Italian member of the Employers' Group, was elected

Chairman. In his inaugural speech, he indicated some of the ways the Committee's institutional position could be improved, including increasing its autonomy over its budget and possibly amending its rules of procedure.

2.4.54. The Committee adopted opinions on proposals concerning:

the approximation of the laws of the Member States relating to personal protective equipment (→ point 2.1.9);

the approximation of the laws of the Member States relating to machinery (→ point 2.1.9);

the approximation of the laws of the Member States relating to emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs (→ point 2.1.14);

a specific programme for the dissemination and utilization of results from scientific and technological research (→ point 2.1.45);

a solvency ratio for credit institutions (→ point 2.1.66);

medium-term perspectives for education in the Community (1989-92) (→ point 2.1.75);

the burden of proof in the area of equal pay and equal treatment for women (→ point 2.1.79);

provisions for implementing Council Regulation (EEC) No 2052/88 as regards the structural Funds (→ point 2.1.98);

the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations, and to the classification, packaging and labelling of dangerous preparations (→ point 2.1.110);

the approximation of the laws, regulations and administrative provisions of the Member States concerning consumer credit (→ point 2.1.122);

milk products (→ point 2.1.139);

the situation of the herring market (→ point 2.1.174);

the harmonization of certain social legislation relating to road transport and recording equipment in road transport (→ point 2.1.182);

summer-time arrangements (→ point 2.1.188);

the promotion of cooperation between public electricity companies and auto-producers of electricity (→ point 2.1.198);

informing the population about health protection measures to be applied and steps to be taken in the event of a radiological emergency (→ point 2.1.200).

2.4.55. The Committee also adopted two own-initiative opinions on:

the current position and future prospects of the GATT Uruguay Round negotiations from the viewpoint of agriculture and the agri-food sector (→ point 2.2.6);

the demarcation of wine-growing areas in the Community (→ point 2.1.136).

ECSC Consultative Committee

2.4.56. 273rd session
(Luxembourg, 4 October)

Chairman: Mr Laurens

Items of business

forward programme for steel for the fourth quarter of 1988: consultation (→ point 2.1.23).

Review of the prospects for the solid fuels market in 1988: consultation (→ point 2.1.195).

Examination of the energy policies of the Member States: resolution (→ point 2.1.192).

ECSC budget: resolutions (→ points 2.3.6 and 2.3.12).

Internal market for energy: exchange of views.

European Investment Bank¹

Operations in October

2.4.57. Loans totalling ECU 125.9 million² for investments within the Community were announced by the EIB in October for payment now or in the near future. The Bank also signed a major financing agreement for UKL 200 million which will lead to the eventual provision of funds for international telecommunications satellites serving shipping and aviation. Of the loans actually made, ECU 42.7 million went to Italy, 42.6 million to France, 25 million to Denmark, 10.8 million to Greece and 4.8 million to Germany. Outside the Community the Bank lent ECU 51.8 million for projects in the ACP States, including ECU 21.8 million from risk capital.

Community

Italy

2.4.58. For infrastructure projects, LIT 66 billion was granted to the Tuscany region under the Fondo investimenti e occupazione for the protection of the Arno: LIT 36 billion (final instalment of total aid of LIT 126 billion) to finance the completion of major infrastructure to protect Florence and Pisa from flooding and improve water supply; LIT 30 billion as the last instalment of the Bank's LIT 50 billion contribution to the establishment of a modern waste-water collection and treatment system in the Florence conurbation and the area between Florence and Pisa where several leather-working plants are concentrated. These projects will lead to a substantial improvement in the water quality of the Arno. They form part of the Bank's activities in favour of environmental protection, one of its priority objectives.

France

2.4.59. The Bank granted a global loan of FF 300 million to the Caisse fédérale de crédit mutuel de Bretagne which will be on-

lent for productive investment by small and medium-sized firms in industry, tourism and related services, for community facilities and for rural, tourist, urban and industrial amenities. All these projects will contribute to regional development, the whole of Brittany being eligible for the national aid scheme. Between 1983 and 1988 the Bank had already granted this region over FF 1.28 billion under global loans to other national or regional intermediaries. These funds went to some 560 small businesses and 170 infrastructure projects.

Denmark

2.4.60. In cooperation with Kommunekredit, the Bank granted DKR million for infrastructure projects designed to improve supply and transport in Denmark: DKR 155 million to cofinance a purification network and two treatment stations for effluent in Aalborg to reduce pollution in the Limfjorden, DKR 11.7 million to modernize Frederikssund bus terminal to improve the town's integration in the Copenhagen area's public transport network and DKR 32.25 million for the port of Odense to construct a jetty and carry out related road works. These funds were granted under an agreement between the Bank and Kommunekredit to finance small and medium-scale projects relating to environmental protection, infrastructure development and energy. Other operations are to follow under this agreement.

Greece

2.4.61. The Bank lent DR 1.8 billion for infrastructure projects in Greece: DR 1.3 billion for irrigation projects and the acquisition of maintenance equipment for a project in the Drama plain (Eastern Mace-

¹ Further details can be obtained from the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg (tel. 43791).

² The conversion rates at 30 September 1988 used by the EIB in statistics for the final quarter were ECU 1 = BFR 43.49, DKR 7.96, DM 2.07, DR 168.24, ESC 170.55, FF 7.06, HFL 2.34, IRL 0.77, LFR 43.49, LIT 1 545.91, PTA 137.09, UKL 0.65, USD 1.10.

donia) for which the Bank already granted DR 1.5 billion between 1981 and 1985 and which will make it possible to continue the restructuring and diversification of agriculture over an area of almost 12 000 hectares; DR 500 million for roadworks in and around Athens to help eliminate traffic congestion and reduce the nuisances it causes (noise and air pollution).

Germany

2.4.62. For infrastructure projects, the Bank lent DM 10 million to the City of Berlin for a high-pressure natural gas/naphtha cracking plant at Mariendorf and for flue-gas treatment facilities at the sludge incinerators of the Ruhleben sewage plant. This brings the total amount lent for these investments to DM 45 million (DM 20 million was granted in May¹ and DM 15 million in July).

United Kingdom

2.4.63. For infrastructure investment, the Bank signed an agreement granting over UKL 200 million for the Inmarsat Satellite project. This financing arrangement for the lease of the first three satellites was concluded with members of the Club of Long-Term Credit Institutions in the EEC (the ISCLT Club), set up in 1973 to cofinance projects of European interest and consisting of 12 institutions specializing in long-term credit, one from each Member State. Under the financing arrangement, the EIB and five ISCLT members — Kreditanstalt für Wiederaufbau, Crédit national, Istituto mobiliare italiano, Société nationale de crédit à l'industrie and the Hellenic Industrial Development Bank — will provide letters of credit totalling UKL 206 million in two instalments (UKL 171 million and UKL 35 million) to guarantee Inmarsat's leasing obligations; the EIB is lead manager and agent.

Inmarsat is owned by 54 national telecommunications authorities, with EEC members accounting for 31% of the shares. It was set up in 1979 under the auspices of the United Nations and began operations in

1982 to provide global commercial satellite coverage to improve communications in emergencies, and for navigation and efficient ship management. Its services were extended to aircraft in 1987.

The satellites are being built by a manufacturing consortium led by British Aerospace, that includes French, German and Italian companies. They will be launched by Ariane, the European Space Agency's launch vehicle, and by the American Delta II rocket. Community trade will benefit from the improved communications, particularly in the Atlantic area. Some 95% of all trade between the Community and the rest of the world and 35% of intra-Community trade is transported by ship.

Outside the Community

ACP States

2.4.64. The Bank lent ECU 25 million for the modernization of the industrial sector in Kenya. The loan was granted to the State and will be made available to industrial enterprises through the commercial banking system, priority being given to companies which have previously received EIB financing; this should improve their capacity for importing essential raw materials, spare parts and capital goods and put them in a better position to implement rehabilitation and modernization investments and to adjust their activities to the changing economic environment, both in the local and in export markets. The operation takes place against the background of an adjustment programme designed to improve the efficiency of Kenya's industrial sector, to boost investment in industry and increase its contribution to the economy, notably in terms of exports. The World Bank and bilateral lending institutions from the United Kingdom and Japan are also supporting the programme with funds.

The Bank lent ECU 13 million from risk capital for the modernization of alumina

¹ Bull. EC 5-1988, point 2.4.30.

works in the western parts of Guinea. The proceeds of the loan will be on-lent to Friguia, a semi-public company in which the State holds a 49% interest, the remainder being owned by European and North American aluminium producers. Aluminium Pechiney of France manages Friguia and provides it with technical assistance. The funds will be used to improve productivity of existing installations.

Loan finance totalling ECU 5.7 million was granted in support of small and medium-scale ventures mounted by enterprises in the industrial, agricultural processing, mining and tourism sectors in Central Africa. The funds are being made available, in the form of global loans, to the Banque de développement des états d'Afrique centrale (BDEAC).¹ They consist of a loan of ECU 5 million from own resources and a conditional loan of ECU 700 000 drawn from risk capital resources.

The Bank lent ECU 3.5 million from risk capital for the extension of the power grid in Tanzania to facilitate the supply of electricity to agro-industry. The funds were advanced to the Tanzania Electric Supply Company (Tanesco), for projects in Rungwe District (Mbeya Region) to install overhead feeder lines. It will supply important tea factories and villages currently relying on diesel generators which are expensive in foreign exchange terms and unreliable as a source of power. The project is costed at ECU 3.9 million and is part of a larger investment programme in the electricity sector.

The Bank lent ECU 3 million from risk capital to Sudan to finance the State-owned Sudanese Mining Corporation's 60% contribution to the expenditure of a joint venture company set up with Total compagnie minière (30%) and Bureau de recherches géologiques et minières (10%), both of France, to carry out a programme of exploration. The ACP-Community joint venture will explore gold occurrences to assess reserves in the Ariab district and prepare a feasibility study for their development. This could lead to a mining operation being set up by the same partners.

Finally, the Bank advanced ECU 1.6 million from risk capital to support small and medium-scale enterprises in the industrial, agro-industrial, transportation and tourism sectors in Western Samoa. A conditional loan of ECU 800 000 will finance half of an increase in the capital of the Development Bank of Western Samoa (DBWS), the balance being financed from the government budget; a global loan of ECU 800 000 to DBWS will be on-lent to small and medium-size enterprises. DBWS, established in 1974, is wholly owned by the State; it is the only bank in the country to provide long-term financing to the productive sector of the economy. The bulk of its lending is to small-scale agricultural projects, but during the last three years nearly 350 loans were made to projects in industry, tourism and transportation.

¹ BDEAC is the regional development bank for the six member States of the Central African Customs and Economic Union (Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea and Gabon).

5. Statistics

General

2.5.1. On 8 November the Council, acting on a proposal from the Commission,¹ amended Directive 82/606/EEC of 28 July 1982 relating to the organization by the Member States of surveys on the earnings of permanent and seasonal workers employed in agriculture.²

Biannual conference

2.5.2. The biannual conference of Directors-General of national statistical institutes was held in Luxembourg from 12 to 14 October.³ The topics covered included:

(i) preparation of the 1989-92 statistical programme:⁴ the Statistical Office of the European Communities (Eurostat) described the structure of the programme, which will preserve the individuality of each Member State while at the same time ensuring the necessary consistency of objectives;

(ii) the state of progress in the Council on the proposal for a Directive on the harmonization of definitions of gross national product at market prices (GNPmp) and improvements to the basic statistics needed to estimate it;⁵

(iii) the draft proposal for a Regulation on intra-Community trade statistics after 1992: some of those attending expressed regret at having to abandon the existing customs system, which is reliable, exhaustive and fully up to date, and stressed that the same administration should be responsible for the gathering of data on both intra-Community and external trade;

(iv) the draft proposal for a Regulation on the General Industrial Classification of Economic Activities within the European Communities (NACE): this calls for the revision and expansion of the classification by the end of 1988; Eurostat is checking that the new headings can be incorporated, if necessary, in the UN's Standard International Trade Classification;

(v) the use of the International Standard Classification of Occupations in all Member States for population censuses, manpower surveys and all surveys relating in some way to occupations.

Data

2.5.3. Eurostat published the results of the survey of pig and cattle numbers in the Community carried out in August (→ point 2.1.127).

Publications

2.5.4. In October Eurostat published its 1988 catalogue,⁶ which provides an exhaustive list of all its publications for the period from 1 July 1986 to 30 June 1988. This catalogue also contains full information on other data dissemination media, including on-line databases, diskettes and magnetic tape.

¹ Bull. EC 6-1988, point 2.5.1.

² OJ L 247, 23.8.1982; Bull. EC 7/8-1982, point 2.1.127.

³ Previous meeting: Bull. EC 5-1988, point 2.5.1.

⁴ Bull. EC 4-1988, point 2.5.2.

⁵ OJ C 137, 27.5.1988; Bull. EC 4-1988, point 2.5.1.

⁶ *Publications and electronic services*, available from the Office for Official Publications of the European Communities, L-2985 Luxembourg.

PART THREE
DOCUMENTATION

1. The ecu

Values in national currencies of one ecu

31 October 1988 ¹	
Belgian franc and Luxembourg franc (convertible)	43.4506
Belgian franc and Luxembourg franc (financial)	43.8663
Danish krone	7.98926
German mark	2.07211
Greek drachma	170.699
Portuguese escudo	171.607
French franc	7.07235
Dutch guilder	2.33676
Irish pound	0.775764
Italian lira	1 541.06
Spanish peseta	137.067
Pound sterling	0.658170
United States dollar	1.17102
Swiss franc	1.74423
Swedish krona	7.200058
Norwegian krone	7.72695
Canadian dollar	1.42723
Austrian schilling	14.5604
Finnish mark	4.91124
Japanese yen	146.026
Australian dollar	1.42286
New Zealand dollar	1.86616

¹ OJ C 280, 1.11.1988.

NB: Explanatory notes on the ecu and 'green' rates can be found in Bull. EC 7/8-1982, points 3.1.1 to 3.1.3, and Bull. EC 10-1984, point 3.1.1.

Representative rates ('green' rates)

Conversion rates into national currencies for the ecu used in connection with the common agricultural policy

October 1988	
National currency	Value in national currency of one ecu
Belgian franc and Luxembourg franc	47.3310 ¹
	48.0467 ²
	48.0658 ³
Danish krone	8.58163 ¹
	8.88697 ⁴
	8.75497 ⁵
German mark	2.38591 ⁶
	2.37360 ⁷
	2.36110 ⁵
Greek drachma	153.409 ⁸
	151.971 ⁹
	150.275 ¹
	156.699 ^{7, 11}
	143.096 ^{10, 12}
	148.799 ¹³
	134.174 ¹⁴
138.759 ⁵	
Portuguese escudo	171.725 ¹⁴
	188.007 ⁵
French franc	7.47587 ^{3, 6}
	7.69553 ¹⁵
	7.54539 ¹
	7.45826 ²
	7.43671 ¹¹
7.73579 ⁴	
Dutch guilder	2.66089 ^{6, 7}
	2.64704 ⁵
Irish pound	0.832119 ²
	0.831375 ³
	0.844177 ¹⁵
	0.843427 ⁴
0.817756 ¹	
Italian lira	1 629.00 ¹⁶
	1 674.00 ⁴
	1 554.00 ¹
	1 597.00 ^{7, 17}
	1 603.00 ¹¹
1 613.00 ⁵	
Spanish peseta	151.806 ¹
	155.786 ²
	154.213 ³
	155.643 ⁴

October 1988	
National currency	Value in national currency of one ecu
Pound sterling	0.706696 ⁴
	0.710546 ¹⁵
	0.652575 ¹
	0.665557 ²
	0.656148 ³

- 1 For pigmeat and goatmeat.
- 2 For other livestock products.
- 3 For crop products.
- 4 For pigmeat.
- 5 For other products.
- 6 For milk and milk products.
- 7 For cereals.
- 8 For pigmeat from 24.10.1988.
- 9 For pigmeat from 1.10.1988 to 23.10.1988.
- 10 For sugar.
- 11 For wine.
- 12 For eggs and poultrymeat.
- 13 For other crop products.
- 14 For olive oil.
- 15 For fishery products.
- 16 For beef/veal.
- 17 For fruit and vegetables and tobacco.
- 18 For oilseeds.

2. Additional references in the Official Journal

3.2.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal, the number of the issue and the date of publication.

Bull. EC 6-1988

Point 2.1.254

Proposal for a Council Regulation for an action programme in the field of transport infrastructure with a view to the completion of an integrated transport market in 1992

OJ C 270, 19.10.1988

Bull. EC 7/8-1988

Point 2.1.18

Proposal for a Council Decision adopting the pilot phase of a programme of strategic research and

technology in the field of aeronautics — Pilot phase (1989 to 1990)

OJ C 266, 13.10.1988

Point 2.1.40

Proposal for a Council Decision concerning the implementation at Community level of the main phase of the strategic programme for innovation and technology transfer (Sprint) (1989 to 1993)

OJ C 268, 15.10.1988

Point 2.1.41

Council Decision of 26 July 1988 concerning the establishment of a plan of action for setting up an information services market

OJ L 288, 21.10.1988

Point 2.1.58

Commission Decision of 18 July 1988 relating to a proceeding under Article 86 of the EEC Treaty (Case No IV/30.178 Napier Brown — British Sugar

OJ L 284, 19.10.1988

3. Infringement procedures

Initiation of proceedings for failure to implement directives

Letters of formal notice

3.3.1. In October the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

Internal market

Commission Directive of 23 July 1986¹ amending the Council Directive of 25 April 1983 on the approximation of the laws of the Member States relating to materials and articles made of regenerated cellulose film intended to come into contact with foodstuffs² (Belgium).

Council Directive of 10 June 1985 on the mutual recognition of diplomas, certificates and other evidence of formal qualifications in architecture, including measures to facilitate the effective exercise of the rights of establishment and freedom to provide services³ (Germany, Greece, Ireland, Luxembourg).

Council Directive of 20 December 1985⁴ amending, on account of the accession of Spain and Portugal, the Council Directive of 10 June 1985 on the mutual recognition of diplomas, certificates and other evidence of formal qualifications in architecture, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services³ (Germany, Greece, Ireland, Luxembourg).

Council Directive of 27 January 1986⁵ amending, on account of the accession of Portugal, the Council Directive of 10 June 1985 on the mutual recognition of diplomas, certificates and other evidence of formal qualifications in architecture, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services³ (Germany, Greece, Ireland, Luxembourg).

Environment and consumer protection

Council Directive of 3 August 1987⁶ adapting to technical progress for the eighth time the Council Directive of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and label-

ling of dangerous substances⁷ (Luxembourg, Netherlands, United Kingdom).

Commission Directive of 7 April 1987⁸ adapting to technical progress the Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of lawnmowers⁹ (Belgium, Ireland).

Council Directive of 26 May 1986¹⁰ amending the Council Directive of 18 December 1978 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer¹¹ (Ireland).

Council Directive of 20 December 1985 to protect the consumer in respect of contracts negotiated away from business premises¹² (Ireland, Netherlands).

Reasoned opinions

3.3.2. In October the Commission delivered reasoned opinions for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

Internal market

Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to common provisions for lifting and mechanical handling appliances⁹ (Greece).

Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to common provisions for construction plant and equipment⁹ (Greece).

Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to electro-medical equipment used in human or in veterinary medicine⁹ (Greece).

¹ OJ L 228, 14.8.1986.

² OJ L 123, 11.5.1983.

³ OJ L 223, 21.8.1985.

⁴ OJ L 376, 31.12.1985.

⁵ OJ L 27, 1.2.1986.

⁶ OJ L 239, 21.8.1987.

⁷ OJ L 196, 16.8.1967.

⁸ OJ L 117, 5.5.1987.

⁹ OJ L 300, 19.11.1984.

¹⁰ OJ L 114, 29.5.1986.

¹¹ OJ L 33, 8.2.1979.

¹² OJ L 372, 31.12.1985.

Council Directive of 26 May 1986 on the approximation of the laws of the Member States relating to tyre pressure gauges for motor vehicles¹ (Italy).

Transport

Council Directive of 26 May 1986¹ amending, on account of the accession of Portugal, the Council Directive of 25 July 1983 concerning the authorization of scheduled interregional air services for the transport of passengers, mail and cargo between Member States (Netherlands).

Environment and consumer protection

Council Directive of 27 June 1985 on containers of liquids for human consumption² (Luxembourg).

Customs union and indirect taxation

Council Directive of 24 February 1981 on the harmonization of procedures for the export of Community goods³ (Italy).

3.3.3. The Commission also delivered reasoned opinions for failure to incorporate correctly the following directives into national law:

Environment and consumer protection

Council Directive of 3 December 1982 on a limit value for lead in the aid⁴ (Germany, France).

Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products⁵ (Greece).

¹ OJ L 152, 6.6.1986.

² OJ L 176, 6.7.1985.

³ OJ L 83, 30.3.1981.

⁴ OJ L 378, 31.12.1982.

⁵ OJ L 262, 27.9.1976.

GRANTS FOR RESEARCH INTO EUROPEAN INTEGRATION, 1989-90

Subject: After 1992 — Monetary, political or institutional developments linked to the completion of the single market

In order to encourage university research in the field of European integration, the Commission of the European Communities will award, in July 1989,

20 RESEARCH GRANTS OF A MAXIMUM OF ECU 5 000¹

Conditions:

1. The awards will be given to young university teaching staff at the start of their career who, individually or as a team, are doing research work on an aspect of the above subject.
2. Application forms are available from the Press and Information Offices of the European Communities.² The application must be submitted in duplicate and should contain:
 - an application form;
 - a 5-10 page typed description of the research project;
 - a curriculum vitae;
 - a certificate from the institution, confirming the position currently held by the applicant;
 - an estimate of the costs involved.
3. Applicants should not be over 40 years of age.
4. Awards are not renewable.
5. The maximum award of ECU 5 000 is paid in two instalments, at the beginning and at the end of the research.
6. Awards holders who do not complete their research must reimburse the grant.
7. Employees of the institutions of the European Communities as well as their spouses and children are not eligible to apply.
8. The work must be written in one of the official languages of the Community: Spanish, Danish, German, Greek, English, French, Italian, Dutch, Portuguese.
The final type-written text must be submitted in duplicate.
Deadline for submission of the research: 1 October 1990.
9. The Commission of the European Communities may assist with the costs of publishing the work.
10. The awards will be made by 15 July 1989 at the latest.
11. Applications must be submitted by 31 March 1989 to:

Commission of the European Communities
Directorate-General Information, Communication, Culture
University Information
200 rue de la Loi
B-1049 Brussels (Tel. 235 45 83 or 235 25 85)

¹ ECU 5 000 = circa BFR/LFR 220 000, DKR 40 000, DM 10 500, DR 850 000, ESC 900 000, FF 35 000, HFL 12 000, IRL 3 900, LIT 8 000 000, PTA 700 000, UKL 3 300.

² Application forms can be obtained from the above address or from the Press and Information Offices or Delegations of the European Communities listed below:

ATHENS: 2, Vassilissis Sofias, GR-Athina 10634.

BONN: Zitellmannstraße 22, D-5300 Bonn.

BRUSSELS: Rue Archimède 73, B-1040 Bruxelles.

COPENHAGEN: Højbrohus, Østergade 61, Postbox 144, DK-1004 København-K.

DUBLIN: 39 Molesworth Street, Dublin 2, Ireland.

THE HAGUE: Korte Vijverberg 5, 2514 EB 's-Gravenhage, Nederland.

LISBON: 56-10º, rua do Salitre, 1200 Lisboa.

LONDON: 8 Storey's Gate, London SW1 P3AT, United Kingdom.

LUXEMBOURG: Bâtiment Jean Monnet, Luxembourg-Kirchberg.

MADRID: Calle de Serrano 41, 5ª planta, Madrid 28001.

PARIS: 61, rue des Belles Feuilles, F-75782 Paris Cedex 16.

ROME: Via Poli, 29, I-00187 Roma.

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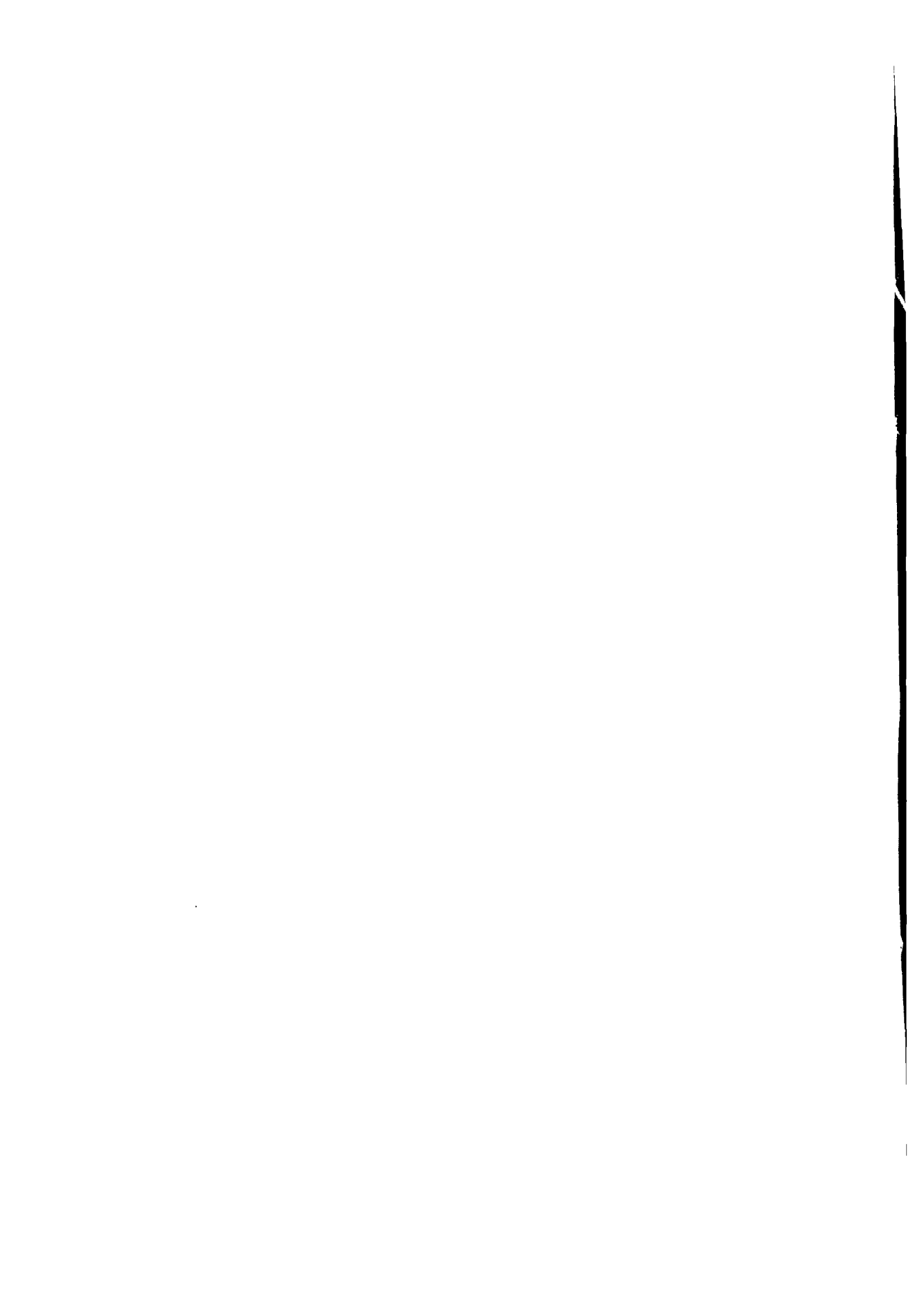
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WASHINGTON: 2100 M Street NW (Suite 707) Washington DC 20037, USA.



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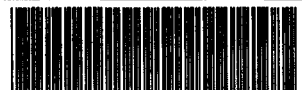
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